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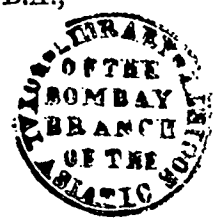
SOCIALISM

ITS NATURE, ITS DANGERS, AND ITS REMEDIES CONSIDERED.

94534

BY THE REV. M. KAUFMANN, B.A.,
Curate of Chard.



FOUNDED ON THE GERMAN WORK

"KAPITALISMUS UND SOCIALISMUS,"

BY DR. A. E. F. SCHÄFFLE,

Ex-Minister of Commerce in Austria, and Late Professor of Political Economy at the University of Vienna.

HENRY S. KING & CO.,
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1874.

Μᾶλλον γὰρ δεῖ τὰς ἐπιθυμίας ὁμαλίζειν ἢ τὰς οὐσίας.

ARISTOTLE POLIT. II. vii., 8, *Congreve's Ed.*

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PREFACE

"THE primary object in the publication of this volume was the desire of making English and American readers acquainted with the author of the work of which this is only, so to speak, a popularized epitome with additions and alterations to adapt it for English readers. The calm, candid and comprehensive manner in which Dr. Schäffle deals with the great social questions of the day deserves the most attentive consideration of political economists and social reformers. But the present volume is intended for others also who have an interest in the social movement of these days. On the one hand it is addressed to the great middle class, the capitalists, against whom the international and kindred affiliations are directing their open attacks and dreaded secret combinations. On the other hand, it is addressed to those "enlightened" leaders of the labouring classes who can see no other means of salvation for the working man except the destruction of the capital and influence of the hated moneyed middle and upper classes.

A careful perusal of the following pages, if conducted without prejudice and unhampered by foregone conclusions, will teach both, not how they may defeat each other's plans and purposes, but rather how they may mutually

advance their own interests, and so the common interests of civilization and humanity. It is also hoped that a thoughtful study of this volume will show the former that, after all, the writings of German economists are not quite so dangerous to property or revolutionary in theory as some suppose them to be.

And as to the latter (the working-man's friends) the present attempt will add another item, however subordinate in importance, towards the vindication of the clergy from the charge often brought against them of neglecting the material interests of the labouring classes. There are some men in the church who study diligently, and weigh carefully, those problems the solution of which must lead to the elevation of the masses and the temporal prosperity of the working classes. But their number is not as large as perhaps it ought to be. May this humble contribution aid in some measure to promote the conviction that the temporal as well as the spiritual welfare of the people deserves alike the attention and fostering care of the national church. If Christianity is the gospel of peace, and the Founder of our religion, Himself the great Mediator, has pronounced His blessing upon the peacemakers not in vain, it evidently becomes the ministers of His religion to follow in the Master's steps and to act as mediators between those whom self interest and class hatred have severed. Taking an independent standpoint, the clergyman may see the merits and demerits of modern theories for the improvement of the working classes, and also the extravagant claims of the

partisans on either side. He sympathizes with rich and poor, the higher and the lower classes; and so he may calmly and kindly lend the hand of fellowship to both, and reconcile them one with another.

As to the subject matter of this volume it may be properly asked how far is it merely translation, how far adaptation, and how much of original matter does it contain? It would be very difficult to give a precise answer to this question, nor would it help much in the general appreciation of the volume before the reader. The chief object has been throughout the following pages to reproduce in a readable form the arguments of the original author intact, and hence translation in a condensed form has been adopted to a great extent in this volume. The same desire has led the present author in some few instances to translate almost literally the words of the German work, even at the risk of incurring censure from the critics for using a phraseology bearing the impress of German modes of thought and expression. The intelligent reader will make allowances for this peculiarity, since what he loses in style he will gain in the value of a faithful translation, where that is most desirable.

The work of adaptation at all times is one surrounded by all but insuperable difficulties. Still there are cases where it is preferable to mere translation. To some extent it has been adopted in this volume, and that for two reasons. In the first place, it was necessary to reduce the original work to one third of its size without the omission of any essential matter; and in the second place

the peculiar style of the German work had to be simplified, and to some extent popularized, for English readers. This could only be done by considerably modifying the form, whilst writing entirely in the spirit of the original. In some cases it was found necessary to add original notes, illustrative passages, and other quotations from modern, especially English, authors. In some places it was necessary to recast the matter of the book entirely, so as to adapt it to the varying conditions and ideas prevalent in England and America. The more critical reader may discover from a comparison of this volume with the original work, "Kapitalismus und Socialismus," how far this plan has been successful. The general reader may rest satisfied with the assurance of the present author that he has the sum and substance of Dr. Schäffle's ideas before him in this volume, confirmed by the latter's approval after a careful perusal of the proof-sheets as the book was passing through the press.

Thus much having been premised for general guidance, the work is submitted to the consideration of those whom it may concern, with the prayer for an indulgent hearing from

THE AUTHOR.

THE VICARAGE, CHARD,
April, 1874.

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SOCIALISM.

PRELIMINARY REMARKS.

Directing attention to the Attacks of Socialism, and the Character and Authority of its Modern Representatives.

An apology for bringing before the public the subject of this volume is scarcely needed. The fresh currents of a powerful movement, now sweeping across every country in Europe, are felt by all, and dreaded by not a few. Socialism and democracy are words of pregnant meaning, and the antagonism between the possessing and the labouring classes becomes daily more evident and more alarming. The frequent meetings of working men to assert their claims, the unwelcome interruptions of industrial pursuits by means of strikes, are some of the indications (and others are not wanting) to warn us of a powerful ferment which now is agitating the heart of our labouring people. Some think that what we experience now are only the first waves of an advancing flood—a great social revolution. The old "patriarchal relationship" between the paid artisan and the capitalist who employed him has disappeared, to return no more. Even from Russia tidings have reached us of the spread of agrarian socialism. In Basle the International Congress, held in 1869, declared that private landed property is to cease. Hired labourers know how to use

their rights of coalition in forming themselves into Unions for resistance and defiance. Many of their leading spirits are in full expectation that the year 1889 may bring deliverance to the fourth estate (*i.e.* the labouring class) from the yoke of the "money aristocracy," just as the Revolution of 1789 rescued the third estate from the plundering domination of the other two—the spiritual and temporal aristocracy. The chasm between the money-possessing portion of the community, called by continental writers the "*bourgeoisie*," and that portion of it which possesses nothing, the operative classes or so-called "*proletarians*," appears not only externally in wealth and poverty, but internally and most profoundly in the heart of the people. It is not the result merely of agitation caused by the "emissaries" of some secret society, or the intangible influences of some "evil spirit." It must be traced rather to the stupendous development of modern industry, and that inequality which has accompanied it, *pari passu*, in the distribution of acquired wealth. We will endeavour to obtain a clear view of this grave reality which stares us in the face, and the deep significance of this modern movement.

In order to do this, we ask three questions:—

(1.) What do social agitators affirm respecting the order of things existing in our present system of human economy?

(2.) What are the improvements and changes they demand?

(3.) What is the manner of, and who are the persons by whom, this criticism is represented and these demands are made?

Respecting the first of these questions, "socialism" gives a most positive reply. Proudhon, a man of character and genius, says unreservedly "Property is theft."

Lassalle, that extraordinary champion of the German working man, gives precisely the same unflinching answer, "Present possessions are alienated property." Thus it seems that the men who clamour for a redistribution of property, the men who would render that device of justice, "*Suum cuique*," "Take from everybody what is his," are the very men too, who maintain that the citizen who honestly gathers wealth is a thief! However, this is not exactly the meaning of agitators such as those we have mentioned above. Their meaning is rather that the order of society, as it is, with the predominant power of capital, leads frequently, nay compels, even well-meaning employers to make hard terms with their labourers. Competition demands the lowering of wages below the actual value of labour, and the extortion of a portion of labour produce by the rich from the poor. In this sense, capital is compared to a sponge which persistently absorbs the surplus value of "another's work," who is terrified into an agreement for wages too low, by the threat of cessation of employment. Upon this issue Karl Marx speaks with the greatest authority, as a man of learning and intellectual power. According to him, capital, which is formed by the produce of another's labour, commands the market and the fluctuations of the exchange. It knows how to turn to account the various conjunctures of trade for the depression of wages; and by its agency small trade, partly destroyed by wholesale enterprise, is finally defrauded at the exchange. "How would you define socialism?" asks Lassalle of his opponents. Manifestly thus: "Division of property, for the benefit of society at large." "Now," he says, "this is precisely the condition of society of the present day. Under a semblance of individual production, a distribution of property prevails, which is determined altogether by the

objective movements of society, the hegemony of capital, competition, and conjuncture. This is in reality a division of property, for the benefit of society. At this very moment there reigns an anarchical socialism in the form of property." He then goes on to say that the object of socialists is not, therefore, to abolish property, but to establish private property founded on labour. And disregarding, he continues to say, for a moment existing rights, on account of existing social conditions, we have an undoubted right to decree that the property of the future, which is as yet non-existing, and is to be produced differently, shall be the property of labour. According to writers of this stamp, then, the present distribution of wealth is an anarchical and unjust socialism; and this "bad" form must be replaced by a better socialism in some sort of collective or common property. This may be realized either by means of free association property, tending towards social federalism, or by a concentration of all capital property in the state, which leads to pure communism. Or, again, the organization may be by state authority, without a communistic destruction of private property, without levelling down altogether, but allowing each individual a share in the common product, "in proportion to the talent, capital, or labour contributed." This leads to "semi-communism," or what is properly called socialism. Or, lastly, it may be brought about by a liberal community of goods, contributed by spontaneous love, brotherly kindness, or humanity. This leads to Christian, or humanitarian, socialism.

Now whichever of the above forms be adopted for the purpose of replacing private or individual property by common or collective property, all social neologians alike demand a new organization of property, more in proportion to the actual exertions of the individual. All

social reformers concur in this, that existing possessions are the result of a systematic curtailing of wages, deducting so much from every labouring day. In short, without accusing Peter or Paul personally of robbing each other, the modern socialist affirms that private property is another's property, and that the constant deductions from a needy proletariat form the source and aliment of growing capital, and that this objectively may be regarded as theft.

Thus Marx emphatically states in the preface to his important work. "The question here is about persons only so far as they are personifications of economic categories, representatives of certain class relations and interests. From my own point of view less than from any other the individual is held responsible for those conditions which are imposed upon him by the social system, although subjectively he may rise above them. For I look upon the development of the economic forms of society as a historical process in accordance with natural laws."

If then socialism attacks not private capital but capitalism itself, and calls into question every kind of private property, its attitude becomes the more serious and alarming. Here war is declared against all property —agricultural and industrial alike. But it resolves itself chiefly into a quarrel with real or landed property. It finds support among some political economists in their theories about ground rents. Agrarian socialism in Ireland during the last twenty years recalls to our mind the speeches of the Gracchi as preserved by Plutarch. In England the same movement makes itself daily more powerfully felt. Socialistic criticism aims its attacks, not only against the wealth of the upper ten thousand, but also against those 27,000 who are in possession of the entire soil. And justly was the first formation of an agricultural trade union pointed at by Marx as a phenomenon

marking an epoch. The spread of discontent is more rapid now than in the days of Roman complaints against the *latifundia*, or during the wars of the mediæval peasantry. The masses now know how to utilize telegraphic and postal means of communication, the railroad and the press, to further agrarian agitation. Science adds her share to the ferment, and theories are hazarded about ground rent which ultimately might as easily be applied against private property of every kind. In the seats of industry, amid a teeming labouring population, socialism is hatched, and dissatisfaction vents its complaints not only against the landed aristocracy, but against the owners of capital in every shape and form. Nobility itself becomes the harbinger of a social propaganda. It is not unlikely that before long the farm labourers will present the same organized opposition against their employers which we have been accustomed to observe among the manufacturing classes in their conflict with rich capitalists.

If then the attacks of socialism deserve attention because of their intrinsic importance and the magnitude of the interests at stake, they are no less worthy of consideration on account of the personal distinction of the leaders and the superior organization of the movement. Let us ask then in the next place: by whom are these socialistic ideas represented? By such men, we reply, as Proudhon, Karl Marx, Ferdinand Lassalle, and Karl Marlo (Winkelblech), each one of whom displays no ordinary mental capacity, and some both variety and solidity of learning. Lassalle, in his "Oekonomische Julian" and other writings, gives evidence of a splendid mind and trenchant polemical powers to aid his annihilating criticism. His deeper works, *e.g.*, "Philosophie Herakleitos des Dunkeln" and "System der

Erworbenen Rechte," are works of a higher order. Karl Marx, in his work on "Capital," of which the first volume only has as yet appeared, has at his command a rare knowledge of political economy, of English writers especially, and is a man of varied historical, philosophical, and classical attainments. Whoever dips into any of Proudhon's writings will find, amid much that is paradoxical and capricious, nothing that is whimsical or insignificant; what he says is both profound and cheering. Karl Marlo, the calm scientific representative of federalism, occupies no inferior place among economists. Nor are the older French socialists, such as St. Simon, Enfantin, Bazard, and the strange Fourier, to be despised when compared with the Utopian type of Sir Thomas More. Their genius, bold conception, and unfettered elevation above the dead level of their contemporaries preclude this. St. Simonism enthralled even Michel Chevalier, the defender of commercial treaties, and the two Pereires, connected, not to their credit, with the founders of the Crédit Mobilier in their younger days, though later they represented the principles of liberalism and large capitalism in France. It must then be candidly confessed that, as to mental endowments, the leading spirits of socialism are equal, in some cases superior, to the foremost men of any contemporary party. But their moral character is sometimes impugned, and even branded by their enemies as infamous. This, however, does not apply to such men as Proudhon. His life of independence, incorruptibility, and noble defiance of brutal force, bears close inspection. He suffered martyrdom, imprisonment and exile, in support of his convictions. Robert Owen, the great English socialist, himself an employer of labour, sacrificing his property to elevate the labouring classes, stands forth as a great man, surpassed by few in elevation

both of mind and heart. Of Karl Marx, in his private life, little is known, but his works display much painstaking study, independence of thought, and unflinching principle.

What is most remarkable, however, in these socialistic leaders, is that implicit faith in their own theories which "removes mountains." It inspires an intoxicating confidence in the approaching victory of their convictions, which leads them to expect social changes far more sweeping than those brought about by the French Revolution. The same faith has communicated itself already to hundreds of enthusiastic followers. Lassalle could hear already in spirit the heavy and united tread of those labour-battalions who, at the leaders' nod, would rally in thousands round a common centre.

And, as a matter of fact, does not socialism in its external aspect represent a great party with an imposing organization? Let trades unions answer the question! In England they are reaching their fullest development. Here thousands of working men are being organized into an army of resistance, to oppose, with tactical skill, enterprising large capital. The same combinations prevail on the continent, though in lesser proportions. We hear constantly of strikes in different parts of Europe; and strikes are the weapons of the labourer in his conflict with the employer to extort better wages. To quell this movement by retrogressive legislation and the abolishing of coalition liberty, would only lead, as it has done before, to the founding of societies under another name (friendly and benevolent institutions), more dangerous because more secret. After futile attempts at suppression, the antagonism between labour and capital would only revive with mightier force and greater revolutionary tension. Therefore we consider that this movement challenges a

full, fair; calm, and immediate consideration. To hush it up or forcibly suppress it is out of the question, for it has now attained European notoriety. Indeed there are persons among the more educated and moneyed classes, who, thinking their own private interests at stake, and afraid of any attempt to curtail their own prerogatives, cry out at once that an attack is made against crown and altar, or the constitutional edifice.

> "Qui méprise Cotin n'estime point son roi
> Et n'a selon Cotin ni foi, ni roi, ni loi."

There are sentimental people, overflowing with liberal phrases on all occasions, who yet shrink from debate on the amelioration of the working classes. They are like those feudal lords of France who identified their cause with that of Church and State, and hurled down at last crown and altar along with themselves into ruin. But happily there are those too who opine that socialism may be conquered by carefully prepared reforms.

If we would shield private property against extravagant socialistic attacks, we must give a fair hearing to our opponents. We must acknowledge truths, however unwelcome, if founded on fact and scientific research. A rose-coloured apology for capital and its unhealthy excrescences, where censure and redress are called for, would be entirely useless, and worse than that. For the conversion of pseudo-conservatives, who hope to stamp out the socialistic movement by main force, using bullets for arguments, these pages are not therefore intended. They will find a cordial reception among those who desire justice, conciliation, and the prevention of a social revolution by a social reform.

BOOK I.

RÉSUMÉ OF SOME OF THE LEADING PRINCIPLES OF POLITICAL ECONOMY, SPECIALLY WITH REGARD TO SOCIALISTIC LITERATURE.

CHAPTER I.

Query: Is Labour the Source of all Wealth?—Definition of Capital.—Production and Consumption.—Fundamental Laws of Political Economy.

In order to judge accurately, and to form an opinion on sufficient data respecting the "antagonism between capital and labour in our day," we must have clear ideas on the subject of political economy. And the first steps towards a study of the leading principles of social science must of necessity be less entertaining, and accompanied with a certain amount of mental exertion. But we cannot spare the reader this trouble, for in the investigation of social problems it is of the utmost importance to understand thoroughly the terms employed in stating the fundamental truths of the science. A close perusal of the works and public speeches of social, democratic agitators will show how by a confusion of ideas, and the employment of words used in diverse senses, the judgment is often warped, and truth is often misrepresented. We must on this account prepare the way by arming the reader with a few definitions of terms here employed, and pointing out the misapplication of them by socialists or

other political writers. In the first place then let us inquire: What is the object, and what are the laws, of economy? In answer to this it must be stated that man, placed as he is in an endless chain of being, requires for his continued existence the co-operation of the outer world. He requires the reciprocal acts of fellow-men in the shape of services, and he requires certain inanimate commodities which sustain, cheer, and embellish his individual life. In a word every member of society requires external instruments and means, in order to live and develop those powers which nature has implanted. And those means are of a twofold nature: those which can be obtained without, and those which cannot be obtained without, exertion or expenditure of force. Air is free, and though indispensable to life can be had without exertion. But there are other necessaries of life, equally indispensable, but more difficult of attainment, as for example—bread, clothing, and the like; these are the result of labour. But labour is human life-force expended in order to obtain the means of livelihood. Now these instruments for the sustenance of life are called economic commodities, and they are the objects of the science of economy; and in a wider sense, extending the science of economizing means to a state—*i.e.* political society,—it becomes the science of political economy. Now these economic commodities may be regarded, as equivalents of life-force expended in calling them into existence, as so much labour. Socialists lay much stress upon this. According to their opinion every article purchased in the market represents so much human labour, no more and no less. Moreover they assert that whoever in the necessary transactions of commerce, barter, or exchange, makes an unfavourable bargain, receiving back that which represents less of life-force for that which he has

expended, loses actually so much life. For example, a working population, receiving as a rule for their actual labour less value in return of their services in the shape of wages (in money or kind) than what is tantamount to their expenditure of life-force, are slowly consumed by those who overreach them. Anthropophagy is thus possible in civilized countries, a cruel slowly-consuming cannibalism under cover of exchange in services for goods. And all are guilty in this sense who do appropriate other men's labour by curtailing their reward, all who make an inadequate return for the amount of life expended by the labourers. Thus philanthropic Europe, co-operating for a time with the American slaveowners, consumed so much nigger flesh and blood in the shape of cheap sugar, tobacco, and cotton goods; on this account socialistic economists wish us to look away from commodities in their concrete form, as articles of commerce, and to regard them barely as *quanta* of labour. Thus, they say, if you exchange a hundredweight of iron for two yards of stuff you scarcely know who is the gainer or the loser. But once ascertain that a hundredweight of iron is equivalent to five days of labour, and two yards of stuff are equivalent to three days of labour, and you will clearly perceive a clear loss on the part of the producer of iron. Now under cover of wages, it is asserted, the labourer is injured incessantly in this manner, the whole and true value of labour produce is only in part refunded to the working man, and under the mask of exchange he is deprived of his due. This deception the socialist exposes by a comparison of the work and wages for any given day, and shows the inequality of the price of commodities and the labour they entail. For the same reason the use of money as concealing the true proportion between the value of labour and the cost of its results in

the shape of goods, is held in abhorrence by all social neologians, from Plato downwards to the democratic socialists of our own day.

Again, all commodities are either means of enjoyment ready made for use, or they are instruments of production, goods representing capital. To the latter belong machinery, factory buildings, or raw stuffs, half-manufactured goods, etc. Now as to their origin all these undoubtedly may be regarded as the results of labour; *e.g.*, wood used for building purposes is first hewn down, that is it is rendered useful by labour. Hence all capital commodities (by which is meant capital in money as well as everything which possesses value, as machinery, etc.) are called by Marx and Lassalle "congealed," "previous," or "accumulated" labour. There may be a long chain of various transmutations in these forms of capital, in order to the ultimate production of any given commodity. For example, no less than two hundred branches of industry are engaged in turn in the manufacture of one single watch, and capital enterprise has been engaged in each of these branches, and in each successive case more labour has been accumulated. And so the final product in the shape of a watch may be regarded as so much "time of labour coagulated." Hence the socialist's doctrine, that the very instrument employed by the capitalist for the production of commodities, his money, and his buildings, his machinery, and his establishment generally, are only the result of so much labour. They call capital the child of labour, which subjects first, and then domineers over, its own progenitor. But it may be remarked, in passing, that the business of the enterprising capitalist consists in directing the efforts of labour into the right channel, and at his own personal risk to produce, by means of different successive industrial applications of

labour and skill, the commodities required, and also to provide the necessary machinery and prepay the human labour engaged in such production. If by means of a new machine a factory girl can produce 600,000 needles a day, of course this can only be done on the supposition that she works. It is also true that the appliances or previous forms of capital represented by machinery, steel wire, etc., are the results of labour. But it is also to be remembered that unless some capital had been previously sunk to prepay former labour, to place machines, steel, etc., at the disposal of the manufacturer in the last instance, at the right time, and in the right place, these 600,000 needles could not be produced at all. Organizing capital is absolutely necessary in order to an efficient division of labour, and has an important function to perform in the production of commodities on a large scale. But, apart from this, the view of capital property as "coagulated work" is one-sided. There is a prospective as well as this retrospective view. When looking away from its origin to its ultimate object, it becomes the very foundation and starting point of future labour in the most effective manner. Thus, without the aid of private capital to begin with, the ultimate astounding production of the 600,000 needles in one day by one female labourer could not be accomplished, and the capitalist deserves his reward as a premium on his enterprise and risk. Thus capital, as the derivation of the word (from *caput*) implies, becomes the starting point of production, and all those subsequent metamorphoses of trade, from which result at last articles for use.

There is circulating capital, such as raw material and half fabricated goods, which after completing a circle of technical metamorphoses and "circulating" through

various stages of mercantile enterprise, appear at last in the shape of goods for the market. Thus iron ore is transformed into raw iron, raw iron again into steel, that into cutlery. In every one of these stages there is additional consumption of labour, substances, and fuel, as also the use of implements, buildings, and other means for the aid and protection of labour. Floating (or circulating) capital is the stream which has labour for its source, and labour for its tributaries, and which discharges its accumulated treasures into the ocean of wealth.

There is also fixed capital, which is the constant source of uses repeated over and over again, by which at last it becomes exhausted. Machinery, implements, chemical apparatus, premises, railroads, canals, etc., etc., are of this nature. They too are the result of labour. But they are stationary, or fixed capital commodities. The wear and tear of these must be made good in the price of the articles which they are instrumental in producing. Circulating or floating capital (including money) is therefore essentially industrial capital, and fixed capital is the money invested at the beginning, in starting the industrial enterprise. It was necessary to point out this distinction, because fixed capital in its mechanical form, by the introduction of machinery, is chiefly attacked by socialists, because, it is said, it reduces the fund out of which the wages of the labourer are paid. Other important questions depending on this distinction will be considered presently. It will be shown, too, that all commodities are the outcome of nature as well as labour.

We now have to describe the two great stages in the economic process—production and consumption; the bringing forth, and the using up, of all commodities;

to bring into one point of view both processes which complete the circle of economic life. Production is the reducing of inner life-vigour into the external instruments of life, which again, transformed by labour from objects of nature into objects of use or means, are "introduced" to the circle of human industry. Consumption, on the other hand, which receives back again the use of outer means into personal life, and, in the most exact sense of the word, is a "taking into itself" (*consumere*), consists in a reducing of external life-vigour into personal life, a transformation of the product into personal existence. This is a constantly recurring process of economic life. Issuing from labour, condensed in capital, and so transformed by enterprise into articles of consumption, the life-force expended in the first effort flows back in consumption as an aliment of the personal life, and if the process is a healthy one will contribute towards the heightened enjoyment of life. And here an objection is lodged on the part of socialism which deserves our attention. It is objected that the defenders of our present social system are satisfied when they have proved that enterprising capital is the cause of a heightened productiveness, whereas they pass over the fact that this progress in the production of wealth does not benefit in just proportions all who have a share in the economic process. Individuals, *i.e.* the capitalists, become enriched, but the wages labourer is more and more impoverished. In consequence of a wrong distribution of the wealth produced in the community, the stream of consumption does not flow back into the proper channel, the original source of production. Moreover, it is asserted that never was the inequality between expenditure of life-force of the labourer and his re-receiving of life-force by consumption, greater than now.

Thus in our modern social conditions some appropriate to themselves the life portion of others; some, in short, are wasting away the life of others.

We must now in conclusion state the formula which expresses the great principle of political economy respecting production and consumption. As a mere postulate of reason it runs thus: With the least expenditure of life (whether in actual or previous labour in the form of accumulated capital) produce the greatest possible amount of economic commodities which are the sustenance of life; and with the least waste of the acquired means for sustaining life procure the highest possible development in the personal life by consumption. Or still more briefly: With the least expenditure of life acquire the greatest possible amount of life, or vital existence. This way of stating the principle distinguishes the true economy from the mere technical process of production and consumption. He who can furnish an article of apparel, say in ten days, which might be made in five, is a producer in a technical, but not in the economic, sense of the term. Again, he who pays ten shillings for a quantity of fuel which might be purchased at five is technically a consumer, but not so economically. This is of importance, and has a moral bearing on the affairs of man. For the higher development of our race depends in great measure on the due observance of the above-mentioned principle; and obedience to the maxims of political economy in saving expenditure, and producing wealth, whether in production or consumption alone, promises to realize the moralist's aspiration concerning the attainment of the "highest good," or the theologian's promise of the extension of the "kingdom of heaven here on earth." For only if those laws are rigorously obeyed can we hope that our planet will ultimately be

filled entirely with human beings of the highest moral and mental cultivation, contented in body and spirit, and drawing the greatest imaginable advantage from the mineral, vegetable, and animal kingdoms of nature.

True economic principles carried out to their last consequences will effect not only the sustenance but the ennobling of personal existence. They thus serve as a moral lever for raising humanity, and are indispensable to higher culture. For the science of husbanding aright economic commodities, as means to a higher end, not only promotes the useful arts of life; it goes beyond this: it enters profoundly the inner life of the mind and soul of man.*

It is acknowledged by socialists that the existing modes of production, as led and governed almost entirely by private capital, are carried on according to the above-mentioned laws of economy, much more so at least than formerly was done in the ancient system of slavery or during mediæval times. But they assert that a still higher productivity is possible, that the last degree of economy has not yet been reached, and cannot be attained by capital, in spite of the superior division of labour and combination

* The peculiar way in which Dr. Schäffle points out the ultimate effects of economy in raising the spiritual character of man has been pointed out recently in a German theological review, of which we only quote the following: "Schäffle . . . fasst bewusst und entschieden die materiellen Güter in ihrer Unterordnung unter die höheren geistigen Interessen des Menschen; die Oekonomik ist nun ein Glied der Wissenschaft von der menschlichen Gesellschaft; der Mensch, nicht das Gut, wird in den Vordergrund der Betrachtung gerückt." "'Der ganze sinnlich-sittliche Mensch mit allen seinen Trieben und Kräften ist die bewegende und organisirende Grundkraft der Volkswirthschaft.'" (System ii., s. 3.) See *Theologische Quartalschrift*, erstes Quartalheft, Tübingen, 1874, p. 170.

of productive powers. And more, they complain that while hired labour produces more effectually now than ever, the condition of the hired labourer is lamentably low and unimproved. The vast outlays required for the supervision of labour, and the unequal distribution of the nation's wealth, they say, are the real cause that an increased production only ministers to the luxury of a few, and not the proportionate development of the material prosperity and higher life of all.

CHAPTER II.

On Value.—Cost, and Value in Use.—Importance of Estimating Values in practical Economy.—Exchange Value.—Price.—Deductions from the above in reply to Lassalle's theory of reducing all value to labour only.—Conjunctures in Trade, and their influence on the Condition of the Working Classes.

We have in the preceding chapter spoken of that incessant process of production and consumption which has for its object the increase and improvement of the personal life in the community. Now in order to the creation and formation of those commodities which can effect this, mental and bodily exertions are required, and certain values are attached to these efforts in proportion to their ultimate effects. Mental acquisitions, and moral results too, are judged according to their value. All scientific activity or technical experiments, all acts of statesmanship, are inaugurated first, and accompanied throughout, by a conviction of their respective values. We all estimate the amount of good any act of ours may produce; and herein, from our individual point, consists its value. Similarly, we deliberate on the comparative amount of pleasure and pain in the production of external commodities. Æsthetical and other considerations influence our final estimates as to the value of any commodity we desire to create, or utilize. We inquire therefore:

(1) What is the amount of human life-vigour expended in the acquisition of any article in question? In other words, what is *our* valuation of the cost?

(2) And inversely: how much life-vigour will it produce, what amount of enjoyment will it afford? In other words, what is its value in the use?

(3) What is the mutual relationship between these two values—cost, and use? This last question is important; for what decides the producer or consumer in creating, or acquiring, any commodity is the estimate he forms as to its comparative value; he inquires whether the commodity utilized is equal to, less, or greater in value than, the expenditure which it entails.

By economic value of any commodity, then, we understand the importance attached to it by the economist, both with regard to the pain of life-expenditure exacted in its acquisition, and also the pleasure and sustenance of life afforded by its consumption. Both may not always, in fact do in few instances, cover exactly each other. We do not consider here what is value in exchange. We now only take the standpoint of Robinson Crusoe, who, in his elementary knowledge of political economy, values all articles only with regard to the cost of labour and the degree of their importance in the use. And he will only create such of them where, in his estimation, the value in use surpasses the value in the cost of labour. Value presupposes serviceableness of the commodity. But not all serviceable or even indispensable commodities are valuable in an economic sense, such as air for example. And, besides the external serviceableness, value expresses the importance attached to the commodity by the person who requires, but cannot obtain it except at the cost of labour or money. The value or worth of a thing then is nothing more or less than the estimate we form of it after carefully weighing, considering, appreciating, and calculating the amount of pleasure and pain represented by it from the point of view of those who enjoy and those who create it respectively. And the lessons of political economy tend to inculcate the production of such commodities only which are in demand, *i.e.* of value,

and which are most adapted for the furtherance of life, and this at the least cost possible.

Human life itself is such a commodity; and the destruction of human life in wars, and the improper utilization of it by keeping up large standing armies, is a violation of economical principles. There is a physical value and a mental value of human life; the former refers to the labour-power, the latter to the educational capacity, of man. A pharisaical contempt of the life of proletarians, as well as undue indulgence to the effeminate idlers in higher grades of society, are violations therefore of economical principles; those who encourage either are the abettors of despotism and barbarism. Socialism has the merit of having given the first impulse to a true estimation of man's value. Moreover, without human life there could be no value in things, since the source of their value is human labour, and their real value consists in the power of sustaining and reproducing human life-vigour.

It was important to point out the meaning of value, because after balancing the values in the cost of production, and of use in consumption, over against each other, the mind is determined to embark in or to give up any particular economic undertaking. If the value in use surpasses the value of the cost, it is an inducement to the manufacturer to produce such a commodity, for he profits by it. If, on the other hand, the value in use remains under the value of the cost incurred in producing a certain article, to avoid future loss the manufacturer will stop producing it. Or, again, if both values remain in a state of constant equilibrium, it becomes a matter of indifference to the manufacturer, who will only produce under the influence of a hope of gain.

But there is another value consideration which enters

largely into the calculations of practical economists, and complicates matters, namely, the value in exchange. If all commercial intercourse were simple barter, there would be little difficulty in this matter. But since all commodities are frequently exchanged, passing through many hands from the time of their production until they are finally consumed, they receive a certain exchange value which sometimes, but not invariably, is the price or equivalent given in the purchase. Now this value in exchange has been made the alpha and omega of political economy, and we must therefore carefully look into it. Moreover, it is the want of clear views on this subject that often has given a handle to socialistic writers in their attacks on private property. Now, actually exchange value is simply the estimate we form in our own mind of the relative values of the commodities to be exchanged, *i.e.* a comparison between the two values of cost and use. After this antecedent judgment of the mind, we are ready or unwilling to pay the price in so far as it seems to us a proper equivalent or cost for the use of the tendered commodity.

No doubt there is some complexity in the process of weighing the comparative values of expenditure and enjoyment, as indicated by the exchange value of any commodity. Here we have no longer the simple problem of Robinson Crusoe, but that of a whole community of economic human beings engaged in constant exchanges of the multifarious production and consumption of commodities in which all have a share. Here the producer must anticipate the value of his product to the consumer,—what it will fetch in the market; he must be guided by the demand for his goods. On the other hand the consumer has to consider, not merely the cost of production of the article he requires, but the lowest amount at

which it can be procured. And the function of valuation becomes more complex by the necessary interference of merchants, agents, and speculators, who become the medium of exchange between the producer and consumer. Take, for example, the following case. The manufacturer of raw iron buys iron ore, the merchant buys the raw iron and sells it again to the steel manufacturer. From him again another merchant buys the manufactured steel, and sells it to the cutler who, in his turn, produces the knife, which is finally bought by the consumer for a certain price in money. Here, instead of a simple comparison of the values of the cost and use, there are successive valuations through all the multifarious commercial transactions. The steel manufacturer inquires, what was the cost of steel to me? and he asks himself when and where will my manufactured article attain its highest market value? and so all the rest, in their calculations, aim at buying in the cheapest and selling in the dearest market. Exchange value, then, in each individual case, is the value put on any given article with a view to profit.

The price therefore of any commodity is not invariably the real value in exchange, but simply the result of the two estimates as to the cost and use of the commodity ultimately formed by the buyer and seller respectively. Now these considerations will assist us in dispelling hazy and deceptive views with regard to the non-agreement between the ever-varying value in exchange and the original cost and the real value in use of any commodity. It is quite true the actual price paid does not coincide always with the cost price, and each successive retail price rarely harmonizes with the former purchase value of the article. This is a natural result of a widely extended system of human economy in commerce, having for its

object the attainment of the most useful commodity at the least expenditure. The best and most cautious calculator must draw the greatest advantage. But where illegitimate steps are taken by him to influence price oscillations (as spreading of false reports, etc.) he is deserving punishment or contempt. These price oscillations themselves, however, are merely indicators in social economy, just as the motions of the manometer point out the exact amount of tension in the steam-engine. Again, it is to be noticed that for all practical purposes the value in exchange may be regarded as represented in the price of any article. The purchaser always considers the last price paid by him for it, and the probable price to be obtained for it from the next buyer. Thus in the final price is condensed the whole series of previous individual value-estimates, as so many fixed points round which revolve the various processes of trade.

And thirdly we have to point out that value in exchange is not simply the marketable value or purchasing power of a commodity, as some affirm. It represents the previous cost in producing it as much as, according to Mill, the "deferred value in the use of it." And the comparison is assisted by the use of that common measure, money. But although price is the consequence of an antecedent judgment formed in the minds of buyer and seller as to the value of the article, regarding the cost of production or its ultimate use, still a great deal depends on the state of the market, on supply and demand. A. buys a certain quantity of corn, and estimates its value at fifty shillings; this is the *exchange value* of the corn to him personally. But suppose B. tenders the same quality of corn in the same market at forty shillings, this will be the *price* of corn, and A. will not pay more; and the difference of ten

shillings represents the deviation of price from value in exchange. Price then is the result of a compromise between different estimates of value formed by many individuals. It is not exactly *the* exchange value of the commodity, but the value which results from the state of the market at a certain time and place.

From this it follows that exchanges effected between different parties may be profitable to all, though not in equal proportion. Exchange effects an economic equalization or average of all the various estimates of value formed by different individuals, belonging to different nationalities, and inhabiting places at considerable distances on our globe, but linked together by the same social bond, commerce. A Chinaman who can produce as much silk in ten days as an Englishman would in one hundred, and the Englishman who can produce as much hardware in ten days as the Chinaman could in one hundred and twenty, are both gaining in the exchange effected between silk and hardware produced in ten days by each respectively. The Chinaman saves one hundred and ten, the Englishman ninety days of labour, provided the former in producing silk estimates its value at one hundred days of labour, and the latter producing hardware estimates the value at one hundred and twenty days' labour saved.

The time has not yet arrived for the full explanation of this process, against which the most important attacks of socialism are being directed. But thus much it was necessary to establish, in order to show how, according to our existing social community of production, an enormous economy is effected. Now everybody can be provided with any commodity at the lowest cost at which it can be produced at any given time or place, whatever be its actual value to the purchaser. And

also it was necessary to show how the market price effects the most economical mode of production and consumption, expelling as it does from the ranks of manufactured commodities supplied all those the cost price of which exceeds the market price, and stopping as it does the demand for all commodities whose market price exceeds their estimated value. For it would be equally absurd to produce at a loss, or to buy at ruinous prices.

Market price, then, is a sort of regulator of the social movement, in its rise attracting, and in its fall deterring, production, and in the same way by the fall of prices encouraging demand, and by a rise in prices discouraging it. It is, as it were, the fly-wheel which equalizes the various irregular and restless motions of individual valuation, in order to effect the most economical provision for all, with all conceivable commodities, under the most varying requirements. Whilst therefore, the inner processes of ratiocination, with regard to the mutual relationship between the values of cost in production, and use of the purchasable commodity, are of paramount importance, the market price serves as a check to correct any individual miscalculations, and competition for the highest amount of profit compels all in the commercial arena to avoid excessive expenditure in the original cost, and prevents misdirected efforts in production. Thus the process becomes more regular and evenly balanced practically, and the subjective valuation is corrected by objective interests, and that in the most effective manner for the good of society.

Here we see, what seems to have been so frequently overlooked, the importance of a correct apprehension, and the use of the reason in superintending all economic activity. Without the operation of a ruling mind,

and a moral superiority of judgment as to the how and when of production, the practical or technical process of economic life could not be satisfactory. The value attached to any commodity by the sentient being, man, becomes the central point of union for the motley crowd of external commodities. Each of them represents so much expenditure of mental or bodily power, so much pleasure or pain, in the making, preparing, or the using of them all, *i.e.* in the money price. The knowledge of the nature of value shows too how, without detriment to the individual, the constant movement of the economic process, as a whole, may go on undisturbed. Demand and supply are not mere abstract laws, regulating this social process. They do literally express the requirements and offers of the buyers and sellers respectively; and the gliding up and down in the scale of the market price effects the most economical production of necessary commodities, whereby some supply the most urgent requirements of others. There is no blind force here, no "fate," as Lassalle styles it, crushing some, and effecting, by an inexorable law, at their expense, the aggrandizement of others.

On the contrary, competition brings out individuality most strongly, and develops new powers by the pressure it brings to bear on the producer or the consumer. The lamentations of modern socialism over the "fate" in our present economic relations, and the asserted oppression of the individual by the fixed time of labour, are merely plausible assumptions. Competition presupposes individual will, and so vindicates individuality as a rule. And what is important to mention under this head is, that "capital" interests secure most completely a careful and thoughtful consideration of the comparative values of things and the most economical modes of producing

them. The capitalist, so frequently attacked by socialism, is personally responsible for this. His own profit depends on the caution and foresight which enable him to produce the commodity which is most likely to find the readiest market, and to produce it in the least costly way possible. Labour, as organized by the state, superintended over by officials, is far less likely to be well done than if directed by these responsible ministers of the law of economy. For they are personally interested, and hence the best guarantees for a judicious production.

Finally, a true knowledge of values will show how erroneous the notion of some is who only refer value to labour, who measure it by labour, or, as some German socialists, see only a direct proportion between value and abstract social labour-quanta absorbed in the commodity. "Labour alone is the substance of value," says Karl Marx; and on this simple axiom nearly all his and Lassalle's attacks against capitalism are founded: "as values, goods are nothing else but crystallized labour." There is a grave error underlying this and similar statements. For all labour is not valuable simply *as* labour; there may be waste of a considerable amount of labour in producing useless commodities. A thousand days of labour absorbed in a quantity of goods are half wasted, if a quantity or quality of goods is required which it would take five hundred days only to produce. All depends on the demand. The value, therefore, and consequently the price, of a commodity depend, not only on the labour spent in creating or preparing it, but also on the extent of its usefulness in a concrete form. Value may differ from the quantity of labour in a commodity in two ways. It may exceed the sacrifice of labour absorbed, if there is an excessive demand for it; but it may also fall below the actual amount of labour expended on it, if there is

little or no demand; for the absence of demand may be owing to the useless form of the commodity itself. This is the radical mistake of socialistic criticism, that it overlooks the usefulness of commodities, in estimating their value merely so far as it does represent labour in the abstract.

Now it is the hope of gain which induces the speculator to economize labour time so as to produce the commodity which will best pay. This forms the great turning-point in capitalistic enterprise; and socialism, in overlooking it, becomes naturally one-sided in its criticism. Without this deviation of values, without this difference of price, *i.e.* cost price and selling prices, there could be no profit, and thence no enterprise; and society would be deprived of those commodities as to quantity and quality which the market now provides, and which a mere state machine, put in the place of mercantile enterprise, would scarcely effect so completely. Contingencies will arise, and crises in trade there will be, from time to time, owing to the vast extension of commerce all over the world; but self-interest is the best guarantee against "conjunctures,"—the self-interest of the speculator providing against the evil day. Socialists at least, grumbling against the cruel fate of these conjunctures, have not as yet devised a more feasible plan for avoiding them. The equilibrium between demand and supply, and the just estimation of the value of commodities to be manufactured so as not to overcrowd the market or fail in the necessary supplies, is best brought about by capitalistic enterprise; and this is an important service rendered by capital to society. If the profits arising from it are too exorbitant; if, in some cases, there is an admixture of dishonesty in commercial transactions; if the labourer is now and then oppressed and often plundered by the

employer, and usury and deception are practised by unprincipled speculators,—these do not enter into, much less are excused by, our theory of value. They are the mere excrescences of our commercial system, the wrongs of contemporary industry, which deserve condign censure and demand urgent reform. All we contend for is, that the capitalist, at his own risk, and by means of his acquired special knowledge of the subject, ministers best to the wants and requirements of society; that he performs, in the best known manner possible, the function of valuation; also that the premium he receives is reduced by competition, and serious losses are by no means rare, which go to counterbalance enormous gains.

Now we ask, is the premium paid to the capitalist too exorbitant, when, after investing his money (M) into the concrete form of goods (G), he asks, in return, that it should sell for M', or M + m? He effects the greatest amount of production at the least price, for the benefit of society at large; and he carefully produces only useful goods (a thing which the labourer neither foresees or cares for), and so for a moderate remuneration harmonizes the inequalities and unites the extremes of the world of commerce. The formula of Karl Marx, M−G−(M + m), or M−G−M', describes the supposed mode of capitalistic production which is so fiercely attacked by socialism. It effects at all events the minimum of cost, and the maximum value in the use. It can be only denounced altogether when social neologians shall have discovered a better *modus operandi*, an "organization of labour," which shall be more free from faults than the present under the hegemony of capital, and which, on the other hand, shall effect more careful calculations as to the values of cost and use respectively than now is done by enterprising capital. But, as we shall point out

in the proper place, nothing of the sort has been proposed; and the theories of value, from the socialistic point of view, one-sided as we have shown them to be, cannot be accepted, although it is the great Archimedean pivot from which Marx and Lassalle would turn the economic world upside down.

Hitherto we have taken for granted that all commodities may be multiplied indefinitely. But such is not the case always. Before concluding this chapter on value we must draw attention, therefore, to another factor which enters largely into economic operations, *i.e.* nature. This has been overlooked by eminent economists such as Adam Smith, Ricardo, and others; and socialists in the same manner have ignored the fact, seeing as they do only quanta of coagulated labour "in all commodities." But in fact there are limits, natural limits, which modify the price of commodities, *i.e.* their relative values, accordingly. The price of such commodities varies in proportion to scarcity, and is regulated by the most expensive cost of production. For example, in a small town, and at a certain time, 3,000 cwt. of flour are required. A. has produced or acquired 1,000 cwt. at *8s.*; B. has in the same way 1,000 cwt. which cost him *16s.*; and C. also has 1,000 cwt. which cost him *24s.* The urgent demand for flour in the place raises its estimated value to the latter price, which is paid for all the 3,000 cwt. alike; for unless this is done the supply will not be forthcoming. Under these circumstances A. makes a profit of *16s.* in every cwt., B. *8s.*, *i.e.* as compared with the concrete cost price in each case. But the rise in the value may continue, and in that case C. too will be eventually a gainer. The highest cost value thus becomes the general measure of value of any commodity really in demand. From this it is plain that the price is not in strict accordance with the

labour of producing the commodity. This proportion of price to the utmost costliness of production proves true also where the rise is constant, as in the case of landed property in consequence of situation and nature of the soil. It is represented here by the ground rent which, as we shall presently see, is specially exposed to socialistic attacks.

But there is yet another exceptional case, which may seem to be antagonistic to our theory of value. There are commodities, few indeed and those of a less important nature, which nature provides freely, which cost nothing. Whence then arises their value? We reply that with the exception of air every commodity is valuable in this sense from its comparative scarcity, and in proportion to the pain of deprivation which a non-possession of it produces in any individual mind. And nearly all such commodities demand a certain amount of labour. Wood in primeval forests requires hands to fell it; wild nuts too must be gathered by the consumers. But the number of such commodities is very limited, and becomes more so in consequence of an increase in the population. But we do not intend to evade the difficulty in this way. Our answer is this: want of, and the discomfort occasioned by the absence of, any commodity leads to exertion or labour in order to obtain it. And before any exertion is made towards the attaining of such an object, a conscious or unconscious estimate of its value is formed in the mind. Whether commodities are ready for use but rare, or whether they must be first created, the mind weighs carefully the respective values of the exertion for attaining and the pleasure in using them. Everything therefore is of value, either because it requires labour directly, or (on account of its natural rarity being difficult to procure) it requires for its attain-

ment labour indirectly. Hence it appears evident that both nature, with its limited resources, and population, which may be indefinitely increased, must be ever regarded as two antagonistic factors in every calculation towards solving the social problem. Socialism, only busy with the rights of labour, has been led away from the main question, namely, the proper equipment of all with the proper means of production, limited as we find them to exist in fact,—in other words the question of property.

And this will form the subject for consideration in the next chapter.

CHAPTER III.

Property; Private Income; Collective Property.—Income of the Family, and National Property.—Importance of the Family in the Distribution of Wealth.

The attacks of modern socialism, as everybody knows, are chiefly directed against property as such, or, in other words, against the accumulation of private income and its use, prevalent in the present day. We must, however, never lose sight of the great fact that man not property (or those commodities which are comprehended under the word wealth) is the great object of political economy. For the production and consumption of commodities are to be regarded only as the means to an end, that end being the highest personal improvement of the individual, and the best social organization of the human family. Property, from this point of view, is itself a part of the individual possessor; it forms that circle of external goods which centres in him personally.* It is the apparatus of personal life.

Socialists recognise this in part, and attack not so much property *per se*, but rather the exclusive possession and use of it by a few private persons, belonging to the landed aristocracy, in the shape of ground rent, and to the plutocracy in the shape of capital.

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* The following is the definition of property given by Dr. Schäffle: "Der um eine *Person* gezogene, von ihr benützte, durch sie beherrschte Kreis von äusseren Gütern, der ihr dem gemäss rechtlich und wirthschaftlich *eigenthümlich* ist, heisst *Vermögen*."—"Kapitalismus und Socialismus," p. 60.

The fact is recognised on all hands that throughout the individual existence of every human being a plurality of wants must be supplied by private income, and in a similar manner the public wants of a community must be supplied by the collective property or income of the state. It used to be the fashion even of economists to consider property from the legal point only. Nor is this view in itself incorrect, since without legal protection wealth would not be created and accumulated; without safety there would be no saving. But we must consider property from another point of view too,—its strictly economic aspect. Regarded in this light, property, or a certain amount of ready-made commodities, becomes indispensable in order to the most effective development of the personal life in consumption, and also as the starting point of the most extensive production. The economic progress could not be carried on at all, technically, without some previously existing property in the form of buildings, raw stuffs, machinery, and other aids besides the capital to maintain the hands (which produce ultimate wealth) by prepaid wages. Even a small tradesman must have an available stock of property to commence business, and the destruction of private property would become ultimately the extinction of personal life.

The real difficulty in this question is: how are *all* individually to be provided with an adequate apparatus of ready-made instruments for productive purposes and the necessary commodities for domestic purposes in consumption? Marlo, a moderate socialist, is against the absurd notion of consigning property to destruction by a levelling down process. He rather recommends a levelling up process in the formation of private property by, and a more extensive acquisition of it among, what are now the moneyless classes. What in classic and

mediæval ages was claimed as a right of the privileged citizen, reasonable socialists claim now as the legal right of proletarians. And certainly, judging from the general tone of the early Christian writings, the problem how to arm every individual with the adequate means for its own physical support and moral development ought to have been discussed centuries ago. True, the solution of the problem may remain as far off as ever after thousands of years' discussion; still the duty remains, to give it due consideration.

Some liberal optimists have opined that "liberty of labour" is the best guarantee of a sufficient endowment of property for every individual proportionate to its wants. But the first principles of political economy show the futility of this opinion; for wealth is the product not of labour only but of nature also. The gifts of nature, however, are limited; and unless part of the soil, and other natural agents, are within reach of the working man, he has not the proper means for acquiring property. If nature with a prodigal liberality supplied all alike with her gifts, everybody might become in a short time the forger of his own fortune. But the supplies of nature are limited and unequally distributed, and hence the inequality in the struggle of life between the privileged and the working classes. No doubt Adam Smith is quite correct in asserting that "nature" does not "create values," that the value of commodities depends on labour. On the other hand, Quesnay, the founder of an opposite school, asserts with almost equal justice that "the soil is the sole source of wealth." The truth is, property is the outcome of these two factors conjointly. To a fund of nature limited in quantity is added human labour; and, as population increases, there will be an urging and pressing towards exclusive posses-

sion of those natural resources which are the foundation of all wealth or property. The "liberty of labour," as it is called, is circumscribed by the limits of exclusive possession; labour by itself cannot produce anything out of nothing. Add to this that the increase of population is infinite, and the process of expansion of natural agents limited; and the result of this mutual relationship* will be an effective supply of commodities to every member of the community under the following three cardinal conditions *only*: viz., we must postulate:

(1) The greatest development of economic activity of the population, in the acquisition of wealth and careful saving; for a working and saving people are necessary for creating wealth.

(2) A normal relationship between the number of population and the magnitude of natural resources; for the latter exist only in a limited degree.

(3) Supposing this normal relationship to exist, the most productive use of the natural factor for the common good, by means of utilizing in the best manner natural resources, and the best application of labour power engaged in husbanding the existing "natural wealth." †

On the fulfilment of these three conditions depends the proper distribution of national wealth. But we have by no means arrived as yet at that happy consummation. Our present capitalistic system does not by any means secure for us the proper development and thorough utilization of all labour power. The working man, in his low proletarian condition, cannot cultivate or utilize his talents for his own or the public good. His moral and intellectual inferiority lessens the value of his productive

* Compare J. S. Mill's "Principles of Political Economy:" Book I., chap. xii., § 2. (People's edition.)

† The above is a close translation of Dr. Schäffle's work, *in loco*.

labour, and the property of those in whose service he drudges like a beast of burden he wastes without a pang, because his only feelings towards it are those of envy and hatred.

Similarly, the solution of the second problem, the equilibrium of population, has not yet been arrived at. The existing system of political economy of the liberal school does not meet the case by its avowed principle of non-interference with the "freedom of labour." Its most able representative on this question, Malthus, assumes with as much candour as chilling indifference a constant and necessary sacrifice of human life in the struggle for existence. He says in a well-known passage: "Any human being entering a world already occupied has not the slightest right (!) to any share in the existing stores of the necessaries of life. He is altogether a supernumerary, and finds no cover at the great banquet of nature. She tells him begone, and does not hesitate to extort by force obedience to her mandate. Hunger and pestilence, war and crime, mortality and neglect of infantine life, prostitution and syphilis, are the forms,—hospitals, houses of correction, foundling hospitals, and emigration packets are the places,—of execution erected by nature." Thus we see that the pure "*laissez-faire*" system does not provide for the exigencies of over-population, and does nothing to ameliorate the fate of those who fall as victims of an inexorable law. Plato and Aristotle among the ancients took a more candid view of the matter, and had the positive courage to recommend colonization and emigration, the setting apart of public domains and family properties, in order to maintain the equilibrium of population. The guilds of the middle ages aimed at the same object. It was reserved for our present age of liberal institutions to regard with fatal

indifference the natural execution of proletarians. What we require now is the moral and spiritual education of the masses, and a consequent proper appreciation on their part of that sort of higher family life which exercises some restraint on the natural impulse of procreation. But the absence of proper means either for education or emigration prevents these proletarians from ever rising above their low animalism, or seeking elsewhere the necessary means of adequate support. And to expect moral restraint in such persons, whilst discountenancing at the same time their claims for a higher mode of existence, and so loosening more and more the domestic bonds, is the height of injustice and folly. And thus we find that this equilibrium, too, depending as it does on a higher personal training, implies the requisite of previous personal property towards that end.

The third important condition we have mentioned is the most effective distribution of all the means of production and consumption, a widely diffused possession of property, so as to bring about the highest individual development of every member in the community. This cannot be effected merely by "freedom of labour." It does not by any means prevent the worst modes of creating capital property, as experience abundantly shows; no more does communism, which is the negation of property, effect it. What is everybody's property can never become the proper apparatus of any given individual for the sake of economic production and consumption. A general scramble for the good things of this world would become the source of utter unproductiveness and general poverty. True economy requires the watchful eye of private or collective proprietorship. The higher the rate of increase in the population, the more wary and careful must be the

economic process, and on this account it demands the most cautious supervision on the part of interested individuals or corporations. Not destruction but rather the constantly increased formation of property becomes the first and foremost requisite for the highest state of cultivation and material prosperity in the community.

There must be collective property as well as private property. In fact, strictly speaking, the former is composed of separate portions of the latter. A collection of books and manuscripts in a public library forms a vastly better apparatus for education than a hundred private libraries spread over the country. A good public road, as part of the property of a commonwealth, surpasses and naturally supersedes a dozen of private roads representing so much private property. Therefore, whilst advocating the coexistence of public with private property as necessary for the complete organization of civilized society, we must point out that there is no antagonism between the two. The idea of common property comes into collision with that of private property only when understood in that primitive sense, that everything belongs to everybody, and hence nothing to anybody in particular. The one rather ought to be the supplement of the other. But for some reason or another, recently, collective property has not been available sufficiently in proportion to the requirements of the times. Let no one be frightened by an advocacy for an increase of it. It has existed, and necessarily must continue to exist, in all ages. Public institutions in church and state, corporations, foundations, etc., admit of a community of goods, which would entirely disappear with the destruction of private property demanded by communists.

But there is another field where collective property may become a means for improving the condition of the opera-

tive classes, namely, that of the co-operative associations of every kind, which have gradually been developed out of the less pretentious mutual benefit societies. They are an outgrowth of modern social relations, and much in favour now-a-days. In England and Belgium, the postal savings banks and public life insurance offices encourage their formation, and assist the poor people in forming common funds, which in course of time will enable them to compete with large capitalists. And in like manner the co-operative system in consumption, in the joint use of magazines, machinery, and any other modes of combination by the help of which small people act and speculate in a body, deserves the attention and encouragement of the legislature, and full recognition on the part of political economists. The consciousness of ownership in those who save, and the greater productiveness of their collective savings, will do much towards protecting private property, and act as a powerful bulwark against over population.

But private property has its peculiar advantages too, as well as collective or public property. A liberal distribution of surplus wealth by way of benefactions, hospitality, and contributions towards the promotion of the arts and sciences, is dependent on it. It is the necessary aliment of collective property; for without levies, contributions, premiums, and deposits of individuals, there cannot be created a common and lasting public fund. And private enterprise husbands in the most effective manner those productions which nature yields in a limited degree for the common interest of all. Thus the European merchant who invests his private fortune in Eastern trade supplies, at his own risk, the whole community with the products of the East at a moderate premium; and he does it far better than any

director of a state or public association could do. The same may be said of many private occupations and enterprises. The private capitalist is, in short, the best director and the most trustworthy economic official of the community. Chronologically, all things are held in common in a rough fashion at first; separate private rights succeed; and collective properties, coexisting with the private, are in course of time formed by commercial companies, co-operative bodies, the commune, and the state, respectively.

Private property then is justifiable on the ground that it is serving the public interest, and only so long as it continues to do so. Now, in order to this, its egoistic and monopolizing tendencies must be kept within bounds. And this may be and is effected to some extent by competition, and not, as communists demand, by resorting to the exclusive establishment of collective property by state authority.

This closes our consideration for the present of the relative importance of the various forms of property in their historical development. We would now add a few remarks on the several modes of vindicating the rights of property on philosophical principles. There are three ways of doing this, all more or less faulty in an economic point of view.

Some derive this right from the act of taking original possession *(res nullius cedit primo occupanti)*. But this act is purely accidental, and by far the greater portion of property now does not belong, as a matter of fact, to the original occupant. Others derive the right of possession from law, as Hobbes; or from a contract, as Grotius. But the will of the law varies with the legislator; and a contract is no valid ground by itself for the rights of possession, and unless the transaction can be otherwise justi-

fied it has no claim for general acceptance. Political economists following Locke hold a third opinion, according to which every labourer has a right to possess the product of his own labour and to save it up for his own future use. M. Thiers, the typical representative of the bourgeoisie in France, adopts this vindication of private property.

But this justification is unsatisfactory for several reasons. (1) There exists a great deal of property which indisputably was not got by the labour of its present owner; it is obtained by a pure accident from the heir's point of view. It may be handed down *ab intestato* without any clear design on the part of him whose labour produced it. To vindicate inherited property therefore as the reward of labour is a rather artificial and stilted mode of defence, inadmissible on economic principles. (2) Millions of property in times past have been gotten by violence and abuse of power, and in modern times by colossal frauds. It is in vain to try and persuade unprejudiced lookers on that those millions pocketed at the exchange by gentlemen, generals, ministers, bankers, and jobbers, are the products of labour pure and simple. And (3) According to the existing system in social economy, any given integral part of property got by labour is immediately the product of not one person but of many. It is paid for in money, and thus wages, interest, and profit pay the labourer, the capitalist, and the enterprising speculator respectively, according as each of them has had a share in the production of the purchased article. Here then is room for disputes whether or not the rewards are meted out in proportion to the rendered service, or whether, as socialists maintain and labourers readily believe, the profit of enterprising capital is out of all due proportion, and the property so amassed is in

truth so much taken from the labourer in order that the capitalist may make sure of his lion's share in the profits. Hence property has been called theft, and hence too the danger arising to the greater part of property in the present day, if this philosophical theory of founding the rights of property on the "product of labour" be pushed to its extreme logical conclusion.

Similarly the modern theory of Trendelenburg, taken from Aristotle, that private property is the gradual "formation" of commodities as further instruments of personal life, still leaves the question unanswered, "*who* has formed wealth in any given quantity?" Surely not the millionaire who makes millions of profit through his directors, nor the large landed proprietor who collects immense rents from his broad acres. All the above-mentioned theories seem to start from the same false position. They take for granted that the resources provided by nature have no limit, which is true to some extent of colonies with a spare population, but not of countries where the proletarian question has already arisen.

To us it appears plain from purely economic principles that private property is both justifiable and necessary, *because it is, and so far as it continues to be, the most effective form for administering the external resources for the production of national wealth, and the most effective form of providing the necessary supplies in order to the most complete satisfaction of individual consumers.* It thus may effect the highest possible development of individual labour power, and counteract by the right of inheritance, to some extent, over population. And in the form of taxes it contributes towards the principal objects of public utility.

And now, to enter into a few details of this important subject, let us remark with regard to the originating of

private property, that it becomes the ruling motive of all economic processes of estimating commodities as to their true values, producing them at the least cost price, and securing the greatest value in use in the acquisition of articles of consumption. For in all these processes the margin of profit left yields ultimately that independent private income, whether in rent or interest, which is the great motive force that incites man to activity and economical frugality.

Superior abilities, or powers of calculation and self-restraint, secure thus a larger share of private income. An artisan of superior skill, for example, obtains twice or thrice the amount of wages of a less skilled working man; a judicious speculating capitalist, who invested six years ago in 6 per cent. United States bonds, when they stood at 39, whilst at present they have risen to 92, has secured 15 per cent. for his safely invested money; so the corn-dealer who shrewdly foresees the coming dearth and speculates accordingly, and the inventor who takes out a new patent for his discovery, or the builder who makes a wise choice in the site of the houses he erects,—all these make extra profits and procure for themselves a competent revenue as the reward of superior industry and prudence. But take away the prospect of this ultimate reward by abolishing the right of acquiring private fortunes, and the springs of action will at once disappear, and the whole community will thereby suffer. Efforts whereby all more or less profit will no longer be made, if the premiums for exertion are no longer held out to the aspirants.

It is true these rewards are not always the same for the same quantity of labour or skill; there are many social anomalies, so that personal merit and good fortune do not always go hand in hand. All we maintain is,—no

better and more effective mode for bringing out the talents and activity of men could be devised, or at least has not been suggested up to the present moment. Remedies may be discovered for the removal of glaring injustice and for the prevention of accumulating illgotten wealth; only we must not value things solely with regard to the amount of nerve and muscle exhausted in their production. Much depends too on the mental acts of speculators and dealers; and their personal ability and organizing genius often lay the foundation of the so much envied vast private fortunes of modern times.

If we proceed now to consider the right of bequest which facilitates the transmission of acquired property, we may defend it on the ground that property may, so to speak, become *individualized personal life* (*i.e.*, when absorbed in the individual for the development of the person). Thus, for example, a farm, a factory, or a commercial house has been founded by the savings of the present owner, who is the very soul of the business, and as such the best manager of it in the interest of all. He is bound up with it, and it becomes a part of himself. In the next generation his son carries on the business for which he has been schooled during his father's lifetime; he has become identified with it, or, in other terms, the property has become individualized in the son as formerly it was in the father. If the son is not the right person in the right place the business will be ruined, and personal inability will become the cause of personal loss; so closely dependent on one another are the individual and the property. But not only the immediate successor, but the whole family, depend for the individualization of every member of it on the property of their head. Previously acquired property is necessary for their maintenance, in proportion to their social rank and early

associations. To illustrate this: not long ago a Hungarian countess accused her mother in the public papers for having kept back from her a large fortune, and *only* providing her with the *paltry* income of 7000 florins per annum. It was now too late, she complained, for her to learn to work for her living.

This points out undoubtedly an anomalous condition of property relations in high life. Still there was some truth in the accusation; for, up to a certain point, the early training or individualization of any person establishes a claim for similar maintenance through life. Everybody justly wants to live as he or she has been brought up; and this is true of women and minors more especially, as the painful experience of the wives, daughters, and other relicts of poor officials, clergymen, and others, abundantly shows. This argument, on which is founded the law of inheritance and liberty of bequest within certain limits, holds good so long as it can be demonstrated that out of the family, and by a levelling-down process of state education and state organization for the individualizing of personal life (*i.e.*, by communistic institutions), the process would be far more difficult and much less satisfactory. And this has been demonstrated, long since and conclusively, by Aristotle against Plato's Republic. The higher moral individual development of personal life is best fostered in the pure atmosphere of family life. Character is formed better here than in the public sheds in which the disconnected individuals of dreamed-off communistic bodies are to congregate for labour and refreshment. Without the family for its centre and parental solicitude for its guide, the budding life of the individual would not attain to its full growth. And upon the extinction of family affection the motive forces would be removed, which

operate now for the creation of the wealth of nations.

A third ground for justifying private property is to be found in the necessity for such public institutions as are the result of the munificence of the rich. Benevolence and philanthropy, friendly assistance and free hospitality, the support of the arts which embellish social life, and encouragement of science and every sacrifice made for the public good—all these flow from the superfluity of created wealth. Capitalistic enterprise or state compulsion could find but poor substitutes for them. A levelling process applied to property would destroy them altogether. *"Noblesse oblige"* applies to the acts of a Peabody and a Baroness Coutts also. To some extent it was to be found in the munificence of mediæval towns, although we look for it sometimes in vain among the moneyed classes of modern Europe.

But our consideration on this subject not only leads to a defence of property where it *does* exist, but also to a condemnation of the wretched condition of the proletarians where it *does not* exist. For a distribution of property in which large masses of the people have no share whatever except their personal labour power, points to a rotten and unnatural state of affairs, which in the experience of history has always led even those who do possess property to share the common misfortunes of poverty. We cannot launch every labourer with a defined stock of capital to work on, indeed, by any social reforms; in fact, all capitalistic processes, in order to their perfection, require not isolated but combined efforts. But we can give the labourer a share in the profits of the undertaking in which he is employed, we can assist him by encouraging the formation of collective property in federative associations, and we may take steps towards securing

him against unforeseen contingencies and vicissitudes by the establishment of public savings banks and insurance offices. Without these, poor labourers must remain for ever in the present low condition of drudgery, more like that of the dead machinery around them, or at best that of predestined beasts of burden and slaves. In order to humanize the masses of working people we must enable them to provide the means for making life tolerable and happy. To decapitalize the masses (which is the unhappy tendency of this age) is tantamount to decapitating them economically. Property and personal development are correlative qualities; a man without anything to call his own is no longer an independent individuality, he has failed in his human mission, he becomes a mere instrument, a tool, a hand.*

From these elementary remarks on property we may deduce likewise the true meaning of economy. It is the science of providing and using all available external commodities, in order to the most effective support of human life, and in due proportion throughout its whole existence; to provide for all the ends and requirements of individual life is the object of a well regulated economic system. It has to supply all personal demands by means of a harmonious organization of labour, capital, and objects of consumption. In short, economy is the most effective creation and use of property (*Vermögen*). This is best effected, as we have shown above, in the family, in domestic economy; hence the science takes its name from the house (*οἰκονομία*); and as a matter of fact we know that where family ties are not the motive springs,

* Compare with this Canon Gregory's remarks on the relations of labour and capital, in his lectures delivered in St. Paul's Cathedral, November, 1871, and published under the title,—"Are we Better than our Fathers?" p. 61 *et seq.*

as among sailors, soldiers, priests, and voluntary celibates, economy is rarely to be found. Hence too the practical bearing of the above remarks, which might otherwise appear rather *doctrinaire*, and theoretical to a fault!

Capitalism, in its wholesale modes of production, has largely contributed towards the total dissolution of the family life among the labouring population, first because it has destroyed all small capital, and has thus rendered the moneyless labourer incompetent to form economic plans for himself and his own, living as he is compelled to do from hand to mouth; he thus becomes reckless because he has nothing to lose. Then again, in order that quiet family life should have its attractions for the working man, a comfortable home and happy family associations and a more agreeable home life are required than low wages and uncertain employment can afford. Then again, the condition of dwelling-houses, in large manufacturing towns especially, has a tendency to brutalize and degrade, and thus the ground yields everywhere beneath the tread of the working man. Family life ceases to be the nursery of moral and human feelings, and makes room for unbridled and irregular intercourse of the sexes. Paterfamilias extorts what he can from wife and child, whom he forces into the factory in order that he may indulge in vice and drunkenness. This brings about utter disorganization in the social system, and makes an equilibrium of population or the operation of economic principles impossible. Other social evils follow from that demoralization of the lower classes and the loosening of the bonds of family affections, causing no little alarm to the social reformer.

But capitalism is not the only, although the partial, defaulter in this matter. The social question does not

resolve itself into a question of settling the present antagonism between capital and wages. The church too has a vocation here. Let her cease from chiefly attending to ritual and dogma. Let her exercise those moralizing and humanizing influences which strengthen the family life. For everything which destroys the family bond destroys house and home, economy and property, and thus to some extent increases proletarian wretchedness.

There is but one question more to be settled before we conclude this chapter, namely, whether a nation may be considered as an economic individuality. Can we speak of national property, or national economy, as we do of private property or domestic economy? The answer is, *Yes*, and *No*, as the case may be. The nation as an unorganized mass has no real individuality, it is a crowd of beings; and, apart from the aggregate private and collective property of its members, it has no property and no economic status. On the other hand, when both private and collective property in the state are perfectly organized and represent a compact whole, then the state becomes one great collective individuality, and in it are absorbed all private interests; and it is the economic unit among the rest of the nations, having its own political economy and share of collective wealth. Landed estates, buildings, machinery, streets, raw material, etc., etc., the accumulated property of a thousand capitalists, become one united apparatus of commodities, by means of which society produces and utilizes in an organized system, the various parts sustaining each other as town and country with their respective resources. As in domestic economy so in political economy three things are requisite: union, a proportionate distribution of property, and thorough efficiency, in order to the collective well-being of a community. The first of these will be treated of in the next chapter.

CHAPTER IV.

Social Combinations of Individuals in the Process of Production, in Patriarchal, Theocratic, Feudal, and Capitalistic Systems respectively.—Vindication of the latter, and its relative Importance considered.—The State.—State-help, and Self-help.—Analogies between Constitutional Government and Capitalistic Organization.—Social Disharmonies.—Reforms proposed by Socialism.

"ONE man is no man!" "*Unus homo nullus homo!*" is the verdict of the ancient sages. Plato especially has pointed out that the full nature of man is developed in the "great man," society, and on this point Aristotle agrees with him in calling man a political being by nature (*ἄνθρωπος ζῶον φύσει πολιτικόν*); and ever since the sixteenth century this idea has again and again found its exponents in modern philosophy. And practically we find that community of interests unites mankind in science, literature, and religion. Language, as the medium of intercourse among contemporaries, memory, as a link between past and present generations, and the facility of the human species for acclimatization drawing together men of different zones—all these point out that man is intended for social intercourse. Thus political economy, as the name implies, has for its object the welfare not of isolated individuals but of a whole community. And it is worth our notice that this science scarcely dates further back than two centuries, that is, it only rose into existence with the wider extension of economic communion of different climes and peoples in the course of a long historical process.

To give an illustration of this economic intercourse between man and man, extending all over the world: I wake in the morning and put on my dressing-gown. Its wool has been taken from sheep reared some years ago in Australia; it was shipped thence perhaps in foreign vessels, prepared in English factories, and dyed with African colours. I take a cup of tea out of porcelain of Bohemia, tea prepared in China and conveyed hither in British vessels. I proceed to my toilette, and see several pieces of ancient furniture around me. There is ebony, the work of negroes from the depths of Africa, who may have died three hundred years ago; there are some materials which are of Arabic workmanship; there is mahogany wood felled by the hand of Central-Americans, and shaped and carved by European artisans. I take my morning walk on a street made two hundred years ago. I pay a piece of money which has been coined out of silver, used and re-used often for the same purpose, digged may-be originally by convicts in Roman mines. The civilized man need only take off the concrete mask from the useful things about him, to see himself surrounded by the energetic efforts of human life of distant ages and countries; and the question rises within himself whether his head and hand too will provide the products which shall serve future ages and generations, may-be in distant lands.

The spring of economic life is the demand after the necessaries, the comforts, and the luxuries of life. That demand is regulated again by fashion more or less; and fashion itself is only the outcome of social life, it decrees what shall be the standard of life in different classes and in different countries. The demand is supplied by the persons or things around us. An Italian lady, for example, wears stays containing whalebones got in

the high latitudes of the Pacific. Northern nations eat the sweet oranges of the south, Englishmen drink the tea of China, and the Chinese use English calicoes and cutlery. The clever hand of the country surgeon heals the farmer's ailments, and the farmer grows the vegetables which are put on the former's table in return. Thus all work for all, and by a wise distribution of labour the demands of all are best supplied for the furtherance of health and wealth, and the increase of happiness and mental improvement in an increasing population.

And this is true of consumption as well as production. Services and things may be best used in common too. One public institution may supply the wants of many, one policeman may serve for the protection of a whole village, at a moderate price. Similarly, the marvellous results of a just distribution of labour are to be ascribed to this tendency of man to combine for a common object. An organized body of working men represent one collective force, consisting of various well-regulated parts, all engaged in the same work of production.

The same tendency for social combination also aids in calling forth a variety of forms of fixed capital, and their most economic application. Many speculators all over the world are engaged in producing the various component parts of every article of merchandise, before it is ready for sale in the market. For this purpose each one of them must have an organizing apparatus, adapted to the existing conditions of time and place, so as to perform their part in the social organism with the least expenditure of bodily and mental forces, and with a view of directing their exertions into a proper channel. Thus two hundred different employers of labour contribute towards the manufacture of one single watch. Every one of these, therefore, assists in bringing into existence a variety of

instruments, machinery, and peculiar commodities required for their respective operations. This leads to an increase of forms of fixed capital property, the collective resultant of which is the most effective and fertilizing mode of production by the most adequate instruments for the purpose.

In a similar manner, as has been pointed out before, value becomes fixed by a calculating process of the community, and this is preferable to its remaining dependent upon the personal whims of individuals, the market price serving as the true exponent of popular estimates as to the value of things. By the use of money as a standard of value, the judgment of the whole social community as to the utility of commodities may be conveniently expressed, and the market price will determine the expansion or contraction in the production of any one of them. All will be regulated according to the laws of demand and supply. So too the use of circulating capital is heightened by the existing social process of economy, for it is here applied for special purposes and directed towards special objects. Instead of every individual person producing for himself all the articles of consumption he requires for personal use, everybody in the social organism produces that for which he has a special aptitude. One invests his capital in the manufacture of leather, another applies himself to the culture of vineyards, and so on. This affords opportunities for increased skill, and a certain degree of perfection in any given speciality, which greatly assists the technical process of economy. In a similar manner it could be pointed out that the process by means of which income is created and used in consumption receives considerable help from the social connection between man and man, though living in different parts of the world

and separated by distant ages, but united by the bond of commercial interests, a common industry, and a world-wide economy.

This leads to the question, by what force or forces is the economic universe held together so as to benefit one and all by utilizing and organizing all individual powers of production in the most economical manner? In short, which is the best social organization? Not any one particular organization could be pointed out as satisfying the conditions of every age. On the contrary our own age seems to demand the combined co-operation of various forms of social organization. Historically no doubt the family is the primitive form of social combination, and it has not lost its importance yet. The aggregate of family economies or households forms the political economies or households of states, just as the beehive consists of the manifold cells, each forming an integral part of the whole organism. With the extension of social combination beyond the family and the tribe for carrying out the practical arts of life, other powers arise besides the patriarchal, namely, the spiritual power of the priesthood, and the political power of military leaders who succeed in founding dynasties. The authority of the church, and the power of a landed aristocracy in the feudal system, the privileges of the free citizen in the slave systems of antiquity, and the despotisms of the still more ancient communities of the heroic ages in Greece, of India, and of Egypt, are the various organs of power arising out of different social systems.

Slavery and feudalism were undoubtedly very unfree forms of organization, and yet they were free from many glaring faults to be found in our more advanced organization, living as we do under liberal institutions. They certainly were vastly superior to the condition of disorganized

society, of savages, in an economic point of view. They had their own regulated order of production, aided too much perhaps by unjust compulsion, but still admitting comparatively kindly relations between master and servant, specially under the softening influences of religion. The day for theocracies and feudalism is gone by, but a remnant of their authority still lingers behind: of the latter in the state, and public authority acting in the common interest; of the former in the many religious institutions and benevolent societies forming so many organizations for the good of society. Thus the organization of the family, the state, and the church mutually complete one another, and help in reconciling, softening, and harmonizing the conflicting interests of society as now constituted.

That constitution is founded on the hegemony of capital, and the ruling motive of capitalistic enterprise is profit, private interest. Throughout the world thousands of capital enterprises spread their ramifications, drawing towards themselves labour and unemployed money in agricultural, industrial, and mercantile pursuits. And all this exertion is set in motion by the one great spring, the ruling principle of political economy, *i.e.* the realization of profit. Competition regulates the general movement, and brings about the most economic process in production and the choice of proper objects which ought to be produced. Competition compels the speculators, or enterprising capitalists, to produce commodities of the best quality and at the lowest prices, for the benefit of society. Whatever "pays" will be manufactured, and such commodities only will pay which are produced at the lowest cost price, and contain the greatest value in the use. Self interest will lead thus to the best possible provisioning of society with every

variety of goods, in the most economical manner as to quality, quantity, and price. The more any capitalistic enterprise prospers, the more labour and capital will it employ. Hence, high interest for capital invested, and high wages for labour employed, depend on the profits of the enterprising capitalist. He turns into account the properties which otherwise would have been idle, whether in land, money, or buildings; he gives employment and with it the means of livelihood to dependent labourers.

Every capitalistic enterprise may be compared to an independent productive body hovering in the social universe, attracted in its course by the highest profit, repelled by threatened losses, and attracting again in its movements money and labour by similar influences, drawing them away from other less remunerative spheres, or the contrary as the case may be; and thus the economic crystallization of all productive forces is brought about under the leadership of capital, and *how* this is done has next to be considered.

Every enterprising capitalist is, so to speak, a dealer in the two commodities of money and labour. Either he pays immediately so much interest for money lent, and so much wages for labour performed; or he buys and sells at a profit goods, the results of formerly employed capital and labour, for a set sum of money. *Capitalism then is nothing more or less than commerce in the commodities of money and labour.* And not only the merchant, but the farmer and tradesman, are capitalists in this sense.

Thus capitalism, as the ruling organization of the present system of political economy, regulates the whole economic process. Every member of the community contributes his part, and receives his equivalent in money from the general managers, who are the capitalists. And this

amounts to the same thing as receiving for services rendered in money or labour a draft or cheque, entitling to the reception of other services or commodities required. The capitalist in conducting the process stakes his own invested capital; and as a premium for his risk, prudent foresight, and management, receives profit. He is spurred on by the hope of accumulating an independent fortune as the due reward of his labours. Money and price play an important part, therefore, in this mercantile process; conflicts ensue between capital and labour, profit and wages, and other antagonistic interests, which form the gordian knot of the modern social question. The final result of these struggles between conflicting interests makes itself felt in the distribution and redistribution of wealth, the amount of income of individuals, and consequently their social and moral condition. It thus brings about those class antagonisms which have become the burning question of the day; this forms the link of connection between capitalism and socialism.

Externally the capitalistic process is a purely voluntary series of commercial exchanges between individuals; and legally it is a mere matter of contract between man and man, a mercantile transaction between the labourer and the employer, or between the invester of money and his client. Hence our capitalistic era is of necessity the era of liberalism, or free trade. Socialism, which tends rather to interference with individual liberty, has therefore many sympathisers among the higher classes, and is watched with suspicion by the "liberal" moneyed classes.*

* The reader must draw a distinction between liberalism as understood here, and liberalism as generally understood in a political sense by English readers. By liberalism in this treatise we mean the principles of free trade carried out in capitalistic enter-

The question, however, is whether this vaunted liberty in capitalism, as distinguished from the more ancient and less free organizations under despotic, feudal, or clerical influence, be liberty in deed as well as in name, and also whether, even if this were the case, it would entirely exclude all further demands for social reforms. Suppose this liberty practically serves only capital, in extorting cheap labour from the classes depending on the employer for their daily bread; suppose all small trade of the lower middle classes to be swallowed up by the gigantic enterprises of the wealthy capitalist: then indeed this liberty amounts to a liberty of the rich to fleece the poor, and a subjection of proletarians by means of the all powerful money-bag.

The liberal tendencies of capitalism are therefore by no means its strongest point, and to defend it on such grounds solely is by no means a prudent course. Besides, as we have shown already, competition itself serves as a very salutary pressure in the social organism, binding upon the capitalist and the labourer alike; and thus capitalism itself does not exclude interference with individual liberty or compulsion in practice. Moreover, it is impossible for liberal capitalism to become the only organization in the social system to the exclusion of all the rest, without destroying itself.

The help of the state organization too is required in public institutions; the state not as policeman only to protect the sacred "person and still more sacred money-bag of the capitalist," to use the words of Lassalle, but the state as a positive organization for economic purposes,

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prise. It so happens that on account of more marked class differences in Germany the plutocracy, as a rule, is liberal also in politics, and opposed to the strictly feudal landed aristocracy.

e.g. in establishing means of communication, docks, the post, etc., etc. Many institutions which could neither be founded nor superintended satisfactorily by private speculation require the state and the corporation for that purpose. The financial functions of the state too, for the performance of public services by means of the public revenue, the funds raised by authority, point out to capitalism that it only has a relative importance. State interference in favour of the labouring classes may be sometimes necessary. It provides an elementary education, and extends its protection over those who cannot help themselves. The alternative is not between state help or no help; but the question is rather where and when is such help feasible? where and when may the action of the state serve as a supplement of the capitalistic organization? And in answer to this it may be said, the function of the state is one of the component elements of the mechanism of society; they represent the organic force of law. The state secures *suum cuique;* it helps the various parts *viribus unitis* to support each other; fulfils thus the "architectonic" mission of society.*

We shall presently show what is the special mission of the state, and how far its interference with capitalism is practical. The time has not yet arrived for a categorical answer to the question whether its organization is to supersede that of capitalism; but this much we may state in advance, the proof whereof will follow in the sequel. (1) The conversion of all existing private capital, and the

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* In the words of the German poet:

"Gerechtigkeit, Gerechtigkeit,
Ist der kunstvolle Bau der Welt;
Wo Eines Alles, Alles Eines hält,
Wo mit dem Einen Alles stürzt, und fällt.

property of private companies, into a general state bank fund for the benefit of societies founded for co-operative production, according to Lassalle's plan, is a political and economic error. Capitalism, duly reformed and swept of abuses, must ever remain as a grand system of gravitation for independent individual enterprising bodies in the universal movement of society; just as much as the astronomical mechanism is required for keeping bodies in their spheres and in the universal system of the heavens. From times immemorial capitalism has maintained its place among other systems in the world's economy. It was the ruling principle in the commerce of the Phœnicians, the Italians, the German towns, long before slavery and feudalism ceased to dispute its pretensions as the exclusive economic motor of society. It has grown into importance in the course of centuries, and in proportion to the wider extension of national intercourse; and its superior value as a system cannot be doubted from a simply economic point of view. It is a superior organization for production chiefly because it is perfectly independent, resting upon a purely economic basis, requiring no extra economic motives. Former systems, *e.g.* where the patriarchal, priestly, or feudal forms prevailed, have not for their chief object economy or the creation of wealth. On the contrary, there the will of the head in the family, ecclesiastical power, or the furtherance of the interests of the feudal lord, were the first consideration. But the primary object in the capitalistic organization is the most effective production and consumption of useful commodities and the accumulation of wealth. The centre of gravity of the whole system is purely economic, it is profit.

And just as the theocratical, patriarchal, and feudal political systems have been superseded by the supremacy of law and constitutional forms of government, so too

the former social-economic organizations have been superseded by capitalism. It has attained its independence and proper position as an economic system, free from the fetters of personal rule and the influences of class interests. Both in the macrocosm of society and in the microcosm of the family its power makes itself now felt, in the wise husbanding of economic resources, and their application towards the highest development of the individual and the nation. Thus capitalism marks an advanced state of modern civilization. Feudalism and the guild system, its immediate predecessors, retarded both agricultural and industrial progress; the former by heavy duties and villainage attached to the soil, the latter by corporation privileges interfering with the free combination of labour. Competition was thus shut out, and with it freedom of movement in the economic world.

Socialists of a higher order and scientific attainments do not deny this economic progress in the form of capitalism, encouraging as it does individual liberty and personal responsibility. Nor is it necessary to demonstrate for the benefit of socialists the superior advantages of liberal capitalism in the distribution of labour and capital, their best mechanical application by the aid of machinery and wholesale manufacture, and the beneficial results of competition and exchange. They have long since learned this alphabet of political economy. "Buy a starling M. Bourgeois," says Lassalle ironically with regard to such arguments, "and teach him to pronounce the three words Exchange, Exchange, Exchange! and you will have a most perfect political economist."

He and others, however, lay special stress upon the one-sided complaint that this capitalistic era has many defects which neither feudalism nor despotism could produce. They say this system enables one man to

defraud another; it makes it possible for one man to appropriate dishonestly other men's labour, and the amount of life-force expended does not secure to every individual labourer the result, as his own; many disharmonies and acts of injustice result as the social process in production is carried on on a higher scale; and, so far from removing the more ancient modes of impoverishing the majority by a powerful minority, capitalism, under the semblance of liberty, is guilty of a more cruel injustice towards the proletariat. Proletarians, they say, are the slaves and serfs of capitalists, but as such are attached to their masters by no such tender ties as in ancient days: what is the good, they say, of a heightened productivity of labour and capital, if the benefit is felt only by a few, and capital becomes the insatiable sponge which absorbs the surplus value of labour, leaving the working man exposed to the fluctuations and disturbances on the social ocean, and making him the scapegoat of those commercial crises and other contingencies which are the result of over-speculation and the abuse of credit, private and public? By these abuses, it is asserted, millions of interest are paid over to a few members of the plutocracy, and one man without labour is made rich at the expense of thousands drudging in misery; this they call an "anarchical socialism," which in spite of a heightened productivity nevertheless leaves the masses in degradation, and even contributes towards utter failure in the mission of the wealthy.

Such are the complaints of the socialistic opposition. In answer to these it must be acknowledged that the fleecing process complained of here is possible in the present social combination. However, it is possible even for Robinson Crusoe by foolish manage-

ment to expose himself to death by hunger, although being alone he is not exposed of course to the contingencies arising from the commercial movements of a whole community. It is moreover an undeniable fact that horrid abuses do now exist, which have been laid bare by socialistic critics, abuses against which the lower classes are raising their voices with invigorated fervour. Capitalism in many of its departments is rotten to the core; and wholesale frauds are being now perpetrated in European capitals, compared with which the feudal robberies and theocratic extortions were a mere trifle.

But the abuses existing do not touch the principles on which capitalism is founded, and the incompleteness of the positive and constructive part of socialistic literature does not give us a warrant of a better system in its place, supposing it to be abolished. Socialistic neology has to offer nothing else except the following. Either a co-operative system in which still competition for the highest profit forms an important element; this would only be capitalism in another form. Or it recommends the abolition of capitalism in favour of other forms, which however, whilst retaining all its defects, even in an intensified degree, fall far below it in its economic effects. Or, in fine, something is proclaimed as socialism which in part has always existed side by side with capitalism, namely the free, humane exertions for the public weal, in applying the eternal duties of justice and brotherly love in church and state; for this purpose we do not require an abolition of capitalism, although we may wish to see these duties carried out more intelligently and with more integrity than they are now. The first of these proposals of socialism is only a sheep in wolf's clothing, from which we have nothing to fear; the second is no reform, but

reaction; the third is a by no means new and altogether harmless socialism.

Regarded therefore from its darker side, with its many defects, capitalism in the present day may appear only as a passing phase in the economic development, like feudalism of old. Regarded however as an economic organization, we may feel reassured as to its destiny as a lasting and ever increasing field of human economy. The ultra liberal view of reducing the whole social system to the speculative capitalistic form exclusively, as the only organization, is a *doctrinaire* idea, indefensible from a historical point of view. The communism of the family, the public organisms of the state, corporations, benevolent societies, and institutions for the encouragement of the arts and sciences, and the improvement of morals and religion, still will be necessary within their spheres just as much as the capitalistic organization in its own. On the other hand, the distorted view presented of capitalism and its many disharmonies is often overcharged. Besides, it is the object of political economy as a science to counteract these, and to adjust the irregularities in due course of time. At all events, the positive proposals of socialism are not such as to inspire us with any confidence. This we shall see in the next book, where we propose to consider them in order and judge them on their own merits.

BOOK II.

HISTORICAL CRITICISM OF SOCIALISM, AND A REVIEW OF ITS LEADING REPRESENTATIVES FROM THE EARLIEST DAYS TO THE PRESENT.

CHAPTER I.

Importance of a just Historical View of Socialism.—Economic Systems of Antiquity.—The Gracchi and Modern Agrarian Agitation.—A picture of Feudal Economic Systems as drawn by Lassalle.—His Criticism criticised.

We shall now endeavour to direct attention in a candid and impartial spirit to the leading points in the criticisms of socialists as directed against capitalism. We shall also delineate more at large the main theories of socialism itself, so as to present a correct and unprejudiced view of its various phases, both in its negative and positive bearings.

What strikes us as peculiar at first sight in these socialists is the wide range of view of their criticism. Ordinary political economists seldom go beyond the present state of economy in capitalism, and are ever anxious to show what vast strides we have been making on the march to civilized perfection in modern days. Socialists look beyond the horizon of the present, and take in the historical past, with its own peculiar economic systems. In doing so they, undoubtedly, are often prejudiced. They paint in too glowing colours the feudal systems and slavery of old, in contrast with the capitalistic forms of modern society. Still their retrospective views, one-sided

though they be, are highly interesting. Now the three bygone systems of society, Greek, Roman, and feudal, are called alike by socialists "systems of monopoly," where monopoly stands for privilege, *i.e.* systems in which inequality prevails, and where the liberty of some is curtailed by the power of others. Socialism, which calls itself the true system of "panpolism," on the contrary contends for the equal rights of all, and of course blames the ancient and feudal states because of the encouragement afforded by their constitution to the injustice and extortion of the masters practised against the slaves and vassals.*

Still socialism is loud in its praises of the economic organizations of the community of full and free citizens, at Sparta and Athens. There it is affirmed all the necessary precautions were taken in forming a constitution which had for its object the preservation of comparative equality of fortune of all those who enjoyed full civic rights. This was done in Sparta by the division of the soil into inalienable family properties, by allowing free access of all to forest, meadow, and hunting grounds, by attaching a certain number of helots to every family

*This inequality of rights, as Marlo justly remarks (see his "Organisation der Arbeit," or "System der Welteconomie," Vol. I., 1, p. 35), is referred back by writers of all times to three reasons: 1. Divine arrangement. 2. Right of the stronger. 3. Diversity of natural capacities. The first, he says, is founded on fiction, the second is a contradiction in itself, and both survived the classic age although irreconcilable with the true spirit of Christianity. The third, embraced by Plato and Aristotle alike, rests on the notion that mankind are divisible into the noble and base. And although experience contradicts this assumption, still it was used as an argument in favour of slavery by the Stagyrite, and led to legislation which admitted class distinctions in various strata of society, with their rights and privileges. It is the notion to which our own aristocracy still clings, for similar well- or ill-founded reasons.

estate, by a circumscribed use of money and discouragement of luxury, and in balancing family egotism by public meals, and common halls of education for all. In Athens indeed room was allowed at first for acquiring private property, but the law of inheritance was enacted for the purpose of preserving family property intact. The 20,000 citizens had their 400,000 slaves, who enjoyed humane treatment. The equalization of property was brought about by a wise policy, which had regard to population and colonization, and by voluntary and compulsory emigration, by providing subsistence to impoverished citizens, in paying them for attendance at legal and legislative procedures, and also by progressive taxation, introduced so far back as Solon.

And accordingly, socialists maintain, these states prospered, and chiefly by excluding the capitalistic principle of competition from the economic process, or at least by counteracting its baneful tendencies. Moreover, Plato, they say, shows strong socialistic or communistic leanings, and his writings have ever since furnished modern utopias their leading ideas. Both he and Aristotle recognise nature as one of the factors of wealth along with labour, and seek to allot in their systems a sufficient portion of land to ensure a decent income for every citizen, and to prevent by careful legislation the accumulation of property in the hands of a few individuals. Multiplication of capital by itself, so frequent now, was not even thought of in the classic age. Slavery such as it was then, it is affirmed, was preferable to the modern subjugation of proletarians, with whom hunger, the modern inciter to labour, is far more cruel than the whip of the ancient slaveowner.

The position of the slave was often more enviable than that of the poor free man of that day, according to

Xenophon, and facilities were afforded for his material advancement in trade and commerce. It is further asserted that with the gradual increase of capitalism in those ancient states, and the growing prevalence of the modern principle of competition, the bonds of society became loosened, and that as soon as the breath of capitalism poisoned the national life decay and dissolution followed. After the abolition of the ancient agrarian constitution, one hundred citizens became the sole occupiers of all the arable soil of Sparta, and out of the gulf between the over-rich money aristocracy of Athens and the proletarians rose the thirty tyrants and Macedonian rule.

In Rome, owing to the many wars of conquest, and the peculiar mode of governing the provinces, a powerful impulse was given to the accumulation of wealth and capitalistic speculation. With regard to the rapacious attitude of Rome towards the rest of the world, Juvenal could say, "we devour nations to the very sinews"; and with regard to participation in the gains of then existing mercantile companies, Cicero even says that it was not unworthy of a citizen to do so as long as large profits might be attained (*sin vero magna et copiosa*), since it helped in the acquisition of landed property. In fact, there as elsewhere, wealth gotten by mercantile speculation led to the absorption of all the land in the hands of a few. As formerly in Sparta and Athens; as later in the Italian towns capital succeeded in devouring the agricultural classes and devastating the Campagna; and as in more recent times the capital of the industrial towns transforms the land of the peasantry into *latifundia* of enormous extension: so in Rome the citizen was gradually deprived of his ownership of land by the few successful men in politics or commerce, who became eventually the chief possessors of the soil. The egotistical

spirit of Rome, legalizing an unlimited acquisition, opened thus the sluicegates of capitalism, and vain was the reaction of the Gracchi, in their endeavours to fill up the chasm between a gloating plutocracy and impoverished proletarians.

It is true socialism proper was not yet in existence in those days, since, as Lassalle correctly states, trading capital or money lent out on interest did not form the bulk of the property of the rich then. It consisted mainly in landed or real property. Crassus, whose vast fortune has become proverbial, was not rich in money but in mines, in landed property, and the large number of his domestic slaves.

Instruments of production, means of consumption, etc., were known well enough as wealth then, but not capital nor the "productivity of capital." Exchanges are effected, and the medium of exchange, money, is used, and commerce is gradually developed. But the wealth of the ancient world is only capital in embryo; the economic process under the leadership of capital is the peculiar growth of modern institutions. Consequently a proletarian population, consisting of factory labourers and artisans, had no existence then. The proletarian of the classic ages was a citizen whose economic grievance was want of land, whose only demand was "bread and the games," and the obolus, and whose only complaint at a later period was the absorption of all the land in the hand of the rich.

There are, however, most striking points of contact in the forms and aims of ancient and modern agrarian socialism. The agitation of the Gracchi at Rome bears a close resemblance to the Fenian agitation in Ireland, and the language of the leaders of either movement is almost identical. Both are full of bitter complaints against the enormous enclosures of land for grazing and preserves

instead of their being cultivated by a thrifty and independent peasantry, and thus securing happy homesteads to large numbers of the people. Many lessons might be learned from the parallel biographies of Plutarch referring to Agis and Cleomenes, to Tiberius and Caius Gracchus. Let the history of those days be a warning to both the contending parties waging social war in our own. The victorious aristocracy of Rome, after its ghastly triumph over the social democracy, became in its turn the victim of decay under imperialism.

Thus much about Rome and Greece: now let us turn to mediæval political economy. Here again we have to mark the absence of capitalism. Socialists in speaking of this period describe the economic order of things as anti-capitalistic, "for the good of society," although still admitting of monopolies. A brilliant sketch of the economic condition of affairs is drawn by Lassalle, who thus replies to his opponent, Schulze: "Look upon the landed proprietor during the middle ages," he says, "the noble lord surrounded by his castles, his manors, his vassals, serfs, and dependants, his allodial villages and tributary towns. Was this man a capitalist? Let no one suppose that people lived on the produce of the land only, which is the crude notion of some people. Production was sufficiently developed, luxury considerable, and the articles of consumption manifold and refined." He then proceeds to give from mediæval writings a description of prevailing fashions in wearing apparel, furniture, and the like, showing the advanced state of fashionable society then and its varied requirements. He shows how all these are provided for by the combined contribution of vassalage, by what he calls a "mosaic work of services." Under this system man is no longer a slave, but his will is the private property of another. There is an exchange of

services and natural products, without the intervention of money as a general measure of value. "The acres of the feudal lord," he points out, "are cultivated not only by serfs but with the help of man and beast, by means of villenage more or less reasonable in extent, varying from three days in the week to five or six weeks in the year, according to the position of the feudal dependant." Then again, he says, put yourself in imagination back to one of the days for collecting the yearly revenue, when the feudal lord receives his dues. Then you will see heaps of corn and barley, chicken and bacon, oxen and swine, eggs and butter, oil, fruits, wax, candles, honey, yea even cakes, bouquets, and *chapeaux de rose*, all contributed by his faithful lieges. The tailors and shoemakers of the small town under his protectorate, remembering the principle, *nulle terre sans seigneur*, bring their clothes and shoes which have been made during the week's service they owe him.

Similarly he enumerates the various tradesmen and artisans who are bound to contribute their respective portion of the lord's requirements in natural or manufactured goods; and a long inventory of services rendered to his household by their wives and others belonging to them follows, all to show "that scarcely a want can be conceived which is not provided for by some special obligation in this system of natural services." Even professional men like advocates must give their advice as a duty, free of charge, to the lord of the manor. His amusements even are provided for him by his own dependants free of charge. He is a wealthy man, without the possession of money; for he cannot turn these services or commodities into capital. He avails himself with a vengeance of all these means of enjoyment which are thrown with such profusion around him, and he does it

cheerfully, without care or worry, and thus is more happy than the rich speculator of modern days whose tranquil enjoyment may be disturbed by a passing thought about the money market as he listens to the music of Beethoven or Mozart. But beyond consuming with enjoyment the feudal lord has nothing. He has no means to multiply his wealth by itself; not money but "service was the common bond uniting all the members of the empire among themselves and under a common head."*

By this system of fixed services and mutual obligations no room is left for capitalistic enterprise or industrial progress, the whole process of production receives a stereotyped form, agriculture and the trades run on without change in the same groove. If a tenant finds for example that growing wheat in a field would answer better than growing barley, or that clover would be preferable to either, he must not make the desirable change, because the field is charged with a natural rent of ten bushels of corn. This is but one example out of many, to show the impossibility of any change or improvement in the rural industry of those days, even with the help of money.

Mutatis mutandis, the same remark applies to the trade of towns. In the earlier part of the middle ages of course the patricians of the towns were in very much the same position as the lords of the manor of the country. Later the guild system, with its exclusive privileges, places the masters into a similar position of power, and invests them too with peculiar prerogatives. The master has his own rights, simply on the ground of being the son of his father, born in the same town, and following according to custom the same calling.

* Maurer, "Geschichte der Frohnhöfe," Vol. I., p. 376.

His rights could only be limited by the similar rights of others in this complex system with its invariable rules stifling all free will and personal effort. The method, and even the hours of labour, were prescribed, the quantity and quality, and even the place of purchase, of raw material; the selling price and the wages of his journeyman were regulated for him by the authority of the guild. There were the restrictions preventing his meddling with more than one trade, and there were the limitations of his own guild as to the number of assistants he may employ. These trade statutes preclude any capitalization of the revenues arising from production, any proper utilization of new discoveries. Production in wholesale, carried on under the leadership of an enterprising manufacturer, is here rendered impossible; and thus cheapness, and with it facility of personal development, is not easily attained. Money when accumulated is of very little use, except for purchasing articles of consumption. It cannot be invested to enlarge the business, it can only be laid aside, and thus loses its power for industrial purposes. The rich tradesman, like the rich owner of the soil, cannot be a capitalist; he can only be a prodigal consumer.

There is one point, however, in which capital makes its appearance and power felt during the dark ages, *i.e.*, in the commerce carried on all over the world, especially between Venice and the East. Here the prohibitory statutes mentioned above were either weakened or fell away in the course of time altogether. After the discovery of the voyage round the Cape the Fuggers of Augsburg cleared 175,000 ducats, after paying costs of 100,000 more. The profits thus accruing from commerce in distant countries led to those financial transactions which gave rise to the abuses of usury (by pawning and

mortgage), which grew into such alarming dimensions during the dark ages. Thus the capital embryo of the ancients grew into childhood and youth during mediæval times, and then acquires that natural vigour which presently bursts the bonds asunder to stand up in the strength of manhood as the fully developed capital of modern days.

Events follow each other in quick succession, all tending towards the same direction—the fuller development of civil rights, new discoveries and inventions, advancement in the division of labour, cheaper production, rise of prices, and the invention of instruments of production never used before. At length the French Revolution, giving the deathblow to all those restrictions which had so long retarded progress and free competition, stripping capital of its chains—all these conspire to bring about that noble liberty which enables everybody to become a millionaire according to law.*

The labourer now is regarded in the light of a commodity, and labour is a product, like any other purchased at a price. All former relations between master and slave, in the ancient system, or between the feudal lords and their dependants, were at least human—the relations between one human being and another. The distinctive feature of the present period, on the contrary, is the cold impersonal relation between employer and employed, the inhuman conception of the working man as a piece of goods like any other object of merchandise. Hence the dislike in a society so organized against state power and state interference. For the state must treat all subjects as human individuals, whereas "hands" is the pet desig-

* Compare Lassalle's "Arbeiter Programm," Zurich, 1863, pp. 10–18.

nation adopted by our modern employers for the human instruments of labour whom they use.

Such is the historical view presented, and the essence of the criticism on successive economic systems, as drawn from the writings of Lassalle and the socialists generally. The picture is not without a certain artistic distribution of light and shade. Still there are some true touches, and it would be unjust to socialism to assert that its object is to bring back the past, with all its evils, in the place of the capitalism which it attacks. Still we must question, in conclusion, some of the above assertions, and our right to do so will be proved more fully in the contents of subsequent chapters of this volume.

The concluding refrain of all these criticisms is this: capitalism lies at the root of decay, both of ancient and mediæval society. Well, we ask, how was it that capitalism was constantly required in order to the carrying on of commercial relations on any considerable scale? Why, on your own admission, was it that these earlier organizations could only provide for the most limited conditions of society, and were altogether insufficient in themselves for the more extensive national and international combinations for production and the higher development of industry? How did it happen that the united forces of the conservative privileged orders in church and state, together with the guild organization of the trades, were not powerful enough to hinder the "destructive invasion of capital"?

Again, did not that patriarchal state of society which you idealize so much owe its short-lived existence to the fact that privileged classes and communities flourished at the expense of the masses of the people? May it not rather be presumed that the development of so many defects in capitalism in its first appearance is owing

rather to the miserable condition of the masses, as it found them oppressed by the laws of those earlier constitutions which left them without the means of education, strangers to civil liberty and political rights? Has not the alliance of capitalism with the remains of a decayed former order of society been the cause of a creation within itself of another bad aristocracy in modern times? Thus, for example, is not the system of standing armies, with the consequent abuse of public credit, and fraudulent rise in the rate of interest and profit, the cause of the general deterioration and inequality of income under the system of modern capitalism? Then again, is there not in those former monopolistic institutions an enormous waste of productive power, from an economical point of view? Was not the condition of the serf deplorable enough, and scarcely superior to that of the brute? And why do you not show how the guild system was instrumental in suppressing a vast amount of talent, freedom, exertion, and progress of the apprentices, journeymen, and masters? Whence that cry of the guilds through centuries, that trade is "overstocked," which amounts to the confession that the distribution of labour was uneconomic in those days? In fact, how can you speak of an economic superiority of a system which had not economy for its first object, and a social organization which had not economic motives for its primary spring of action?

Why those blind accusations, overshooting the mark, against capitalism, which is only one of those forms of organization which the constitution of human society needs, and which no reasonable economist would set up as the sole form of social combination, but which, like every other great social civilizing force, is subject to the laws of society and humanity? Why not rather solve for us the problem how it is possible, under the existing conditions

of society and a combination of the productive forces all over the world, and that intensified economy which in the present day requires the wisest individual utilization of land, capital, and labour—how it is possible otherwise to bring about the highest effectiveness of every individual power of production than by according to all full individual liberty, and leaving the rest to social and personal impulse? Besides, you have not yet proved that capitalism is beyond reform; nor have you shown how the masses of the people, all enjoying equal rights, can be controlled by any but economic laws. You have not yet been able to point to a modern positive socialism, which could under a system of œcumenical commerce dispense altogether with capitalism. You have even failed to show how that which appears sound in your proposals, the co-operative system, is anything more than an improved capitalism.

Therefore do not expect that we shall do away with this mechanism of society, the first in the history of our race which secures for political economy the free exercise of its principles, do not suppose that we shall abolish this capitalistic form of production and commerce, and so throw away the baby with the bath, simply because in your genial historical sketch you have only criticised the darkest points of capitalism, which, however irregular and unprincipled in some of its abuses, is by no means so irretrievably bad as you have painted it.

CHAPTER II.

Modern ideas of Individual Rights.—No Prerogatives.—Two one-sided Views.—Liberalism and Communism.—Old Liberalism, or the Mercantile System.—Pure Liberalism.—Quesnay and the Physiocrats in France.—Adam Smith, Ricardo, Malthus, and their Followers in England.—Liberalism criticised.

The idea, Christian in its origin, that all mankind have the same rights of self development, is the outcome of modern civilization. After a warfare carried on for thousands of years about the distribution of labour and enjoyment, the consciousness of the moral dignity of man has only gradually and recently worked its way to general recognition. It is the fundamental principle of modern society, although remnants of ancient privileges still remain. It rests on the truly Christian idea* that all men have as individuals a moral and reasonable vocation.

Now this may be viewed from two sides. On the one hand, every individual is henceforth to be free, a moral end to himself, and not subject to another to serve another's private interests. Or, on the other hand, every individual has an equal right, morally, of pursuing his mission in life, and no one has a right to prevent his sharing in those common resources, which serve as the aliment of every member of the human family. Thus, *liberty* and *equality*, both derived from the original idea of a morally independent existence, rest upon a common basis, and ought not to be separated from each

* Compare Guizot's "Méditations sur la Religion Chrétienne." Troisième Série. Première Méditation, Le Christianisme et la Liberté, pp. 1–52.

other. Liberty is an empty nothing, without an object in life to render man happy; and equality without self-development would be wanting both in beauty and dignity. But the close logical connection of the two has not been always recognised by mankind; one or the other rather, by itself, has from time to time been accepted and defended with a one-sided enthusiasm. And only when the practical futility of such one-sided views is found out by experience, the mind becomes prepared for the reception of the whole truth, that the union of liberty and equality alone leads to a nation's happiness and to complete individual satisfaction.

It was left for our present age to make vast strides of progress in the direction of liberty, and to pursue it with the utmost fervour and zeal. Our age is intensely liberal, and would reduce authority to a mere shadow. But this liberal tendency of modern days does not by any means exclude great inequalities. In a liberal state which does not take the necessary precautions a few free citizens may appropriate to themselves solely the limited resources which are intended for all, and thus render nugatory the liberty of the rest, whom to call free would be but bitter irony. The hired labourer having that "effectual chain, and scourge, hunger," before his eyes, begins to estimate "equality," or "material liberty," above that empty shadow, abstract liberty, which only aids in making him more miserable and wretched. He wants to have an equal share of enjoyment secured to him by the will and power of the people. In order to effect it, he advocates common property, which provides a natural endowment for every individual, to be rendered permanent by an "organization of labour," conducted by the state. This is communism.

But just as liberalism in its relation to the state becomes

too easily centrifugal, so communism goes to the other extreme, and makes the state too powerful, and would reduce every factory into a house of correction, and condemn every man in the commonwealth to compulsory hard labour. It is to be hoped that the world may yet escape for a good long time such practical experiments, notwithstanding the strong communistic currents of modern days. Happily there is a third movement, which, avoiding the faults of the two former, seeks rather to unite what is good in both, and seeks to attain, by a proportionate development of the moral peculiarities of all, their liberty and equality at the same time.

This is federalism, which calls in state help, in order to secure liberty for all and protection for the weak against the strong. But it does not entertain the idea for a moment that the whole economic process is to be carried on only by and for the state. It would build up the social edifice from below on federal principles, *i.e.* by means of free combinations of individual forces proportionately developed, by a salutary emulation of its members united for economic purposes, and by the joint effort of all towards the attainment of the same object, which object is to secure for all a free sphere for contented liberty and a material basis for this liberty to rest on. Federalism has no sympathies with a barren liberalism and the *laissez-faire* system, at least so far as it applies to western Europe; nor on the other hand does it sympathise with a wanton state communism. It has for its object the reconciliation between liberty and authority, between variety and unity, in an economic and political sense.

Before entering however on a discussion of its peculiar merits, we must show the theoretical and practical bearings of the two other systems, which are

not always fully understood by legislators and writers on political economy. We must have more than a mere fragmentary or prejudiced view of liberalism and communism, before we go on to consider federalistic systems, with their theoretical formularies, legislative tendencies, and practical results.

There are some who think that the political events of 1789 gave birth for the first time to the ideas of liberty and equality. But liberalism and communism are much older than that.* There are some traces of economic liberalism in what is commonly known as the mercantile system. It is the vulgar notion about this system, that as its peculiar object was the heaping up of money, and over-rating as it undoubtedly did its value, that therefore it gave itself up altogether to the Midas delusion that the wealth of nations consists simply of money. But Colbert, the practical representative of the system, was too wise a man to fall into such a palpable error. Colbert's great object was no doubt to get money for the king; and his system of blockade and protective tariffs, etc., etc., served his purpose. The absolute monarchies of those days, in their prodigal display, required such a system. They still clung to the notions of the feudal lords, whose power had been gradually swamped in the absolute power of the king or grand seigneur of the realm. Their privileges were now absorbed in the prerogative of the monarch, who called his luxuries "alms for the people"; or, in the words of an English mercantilist, James Stewart (1767), "the lord of the land must be ruler and economist." As "lord," he was both.

But, notwithstanding its semi-feudal nature and ten-

* See De Tocqueville, "L'Ancien Régime et la Révolution."

dencies, this system is not without liberal characteristics. The same Colbert who imposes restrictions on importation removes the barriers of free trade within the state, and procures freedom of competition in the nation's commerce; he attacks local corporation systems, and regulates the guilds; he calls into existence, by means of great manufactures and factories, the first industrial capitals of the modern type; he opens new avenues for export and speculation by making new roads, canals, and by a simplification of the tariff; he has no favour for small feudal lords, or narrow provincial views. Many passages in the correspondence of this great minister of Louis XIV. show that he was a liberal in heart, though one of the old school. And this old liberalism, in holding out a premium to the father of many children to increase the population, in order to get working men and soldiers, thus began to undermine the bulwarks against over population erected by the more ancient and less free organizations of society. Partly in consequence of this state interference for the good of society, there are some points of contact between those gone-by mercantile views and the socialistic views of the present day.

Pure liberalism superseded, however, this semi-feudal liberalism of a more remote epoch. "Over the apartments of Madame de Pompadour" was hatched the pure liberal system of political economy. About the middle of last century there lived in the chateau of Versailles, which had been erected with the money obtained by Colbert's financial arts, the physician of his majesty Louis XV., François Quesnay, the friend and companion of the encyclopedists, the political and philosophical liberals of that day. The king used to call his physician the "thinker," and on raising him to

the peerage not only commanded the thinker's flower (pensée) to be put into his coat of arms, but with his own royal hand arranged the type (there was no scarcity of compositors in those days owing to strikes) for the motto: "*Pauvres paysans pauvre royaume, pauvre royaume pauvre roi.*" "Poor peasants make a poor kingdom, a poor kingdom makes a poor king." At his "economic table" met the cultivated men of that day. Among his most enthusiastic disciples were Mirabeau the Elder and Turgot. His remarks on the relationship of the owners and labourers of the land and the trades were praised everywhere as a magic formula (*formule étonnante*). No doubt his ideas on the condition of the peasantry were most humane. The peasant of that day was oppressed by taxes and conscription, he was overburdened by feudal services, and the reward of his labours was artificially reduced in favour (as it was thought) of the industry of the towns, so as to obtain cheap bread and low wages.

Voices had been raised against this system of encouraging industry at the expense of agriculture; but not until the financial disorganization in France, under Law, had reached its lowest depth, were these complaints regarded, and Quesnay's physiocratical school established. This school taught that the law of nature (*le gouvernement de la nature, physiocratie*) must be reinstalled supreme in order to the prosperity of that portion of the community who are the real producers, namely the peasantry. Thus he thought, by raising the value of landed property, and increasing the wealth of the cultivators of the soil, the finance of the state would gain a strong support. All artificial regulation of the economic process was henceforth to be abjured; "*Laissez-faire, laissez-aller,*" became the watchword of the party;

and Quesnay, when asked by the Dauphin what he would do if he were king, simply replied, "*Nothing.*" Following the law of nature meant negation of all active and artificial political economy. It had for its aim individual liberty; in other words, it established liberalism pure and simple in the region of political economy. It demanded repeal of the corn laws; free trade within the limits of the empire; and, in commerce with other nations, abolition of the guilds; free competition in agriculture, trade, and commerce; the rate of interest to be free from state control, and liberation of the soil from the oppressive feudal burdens which stood in the way of intensive and speculative agriculture.

These postulates of pure liberalism have gained the day, as every one knows. They suffered some of the vicissitudes to which new theories are exposed at first; but they have finally triumphed, not only in France, specially since the revolution of 1789, but in almost every other country of Europe besides. The most scientific representatives of the liberal system are to be found in England, the country which was first and foremost in the development of modern capitalism. Adam Smith, Ricardo, and Malthus are the classical exponents of the purely liberal or capitalistic system.*

Adam Smith confesses that his system is closely allied to that of the physiocrats and encyclopedists whose ac-

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* The above will explain more fully the use of the term "liberalism" in this volume, *i.e.* as chiefly applying to economics, not necessarily politics. The close connection between political freedom and free trade often leads to this confusion of ideas. The Manchester school asserts the principles of "liberalism" according to our use of the term here; but it by no means follows that every member of the Liberal party in England accepts in full the theory and practice of that "liberalism."

quaintance he made during his sojourn in Paris. It is true he differs from them in one essential point. He, and more particularly his distinguished pupil Ricardo, regard labour, whereas the physiocrats regard nature, as the source of all wealth. But both agree in the matter of free trade and competition under the leadership of capital, and in their opposition to the false principles of the mercantile system. The method of inquiry pursued by both cannot be too highly commended, and their influence on the liberal tendency of the age we live in, whether in church or state, in politics or political economy, cannot be over estimated. Still their systems are not quite perfect. Quesnay has left a gap in his system in leaving yet unexplained how, supposing the soil to be the only source of productivity and considering that it is only available in a limited degree, liberty can procure for all a subsistence in proportion to the dignified position of man in the universe. All he and his school claim is the liberal right to work which can scarcely be distinguished from the socialistic claim of work for every labourer.

Adam Smith and Ricardo frankly acknowledge some of the evil tendencies and abuses to which their system is liable. They point out candidly that the owners of the soil, in receiving their "ground-rent," "reap where they do not sow," nor do they hesitate in saying that competition in industry leads to reduction of wages until they are so low as merely to procure the barest necessities of life. They strictly analyze the functions of capital, and are not guilty of misrepresentation. We only meet with irrational apologies and a readiness to gloss over the disharmonies of the system in the writings of the less eminent adherents of the liberal school. Thus the French economist Dunoyer undisguisedly affirms, "proletarian misery is inseparable from human society;

we must have it as a warning against the dangers of prodigality, etc. . . . It is useful to society that there should be subordinate places into which those families sink whose behaviour is reprehensible. Misery represents this nether world; it is an unavoidable gulf opening before fools, prodigals, and spendthrifts." This sort of consolation is very unsatisfactory. A proletarian, who smarts already in the fourth generation of his family in that "nether world" of misery, will consider it a bitter and provoking sarcasm to be told, "you are a spendthrift, you are lazy and stupid, and therefore are justly in difficulties"; whilst at the same time he labours fourteen hours a day and gets nothing but the bare maintenance to keep up life from day to day, and never obtained that education which would enable him to better himself.

There is another class of adherents to this system, whom we may mention but need not discuss, namely those who call upon the state to persecute those who plead, and are engaged in organizing societies, for the ameliorating the working man's condition and who otherwise seek to counteract the cupidity of capitalism. In England and America, where freedom of the press and liberty of discussion prevail, the clamour of interested capitalistic bigots can only fall on deaf ears, the economic Oliver Twist need not be afraid there of asking "for more."

In bringing our review of the growth of liberalism to a conclusion, we shall not therefore be thought unjust to its merits if we acknowledge that as a matter of fact full equality, in a social and political point of view, cannot be attained within its sphere. Speculation with its powerful results is apt on the contrary to bring about great differences in the material prosperity of different indivi-

duals and classes. And politically the comparatively feeble influence of the people on public affairs, the factitious privileges of the moneyed and the higher classes, and the enormous waste of public funds by parliamentary jobbery in favour of capitalism, together with a certain amount of dependence of the press on the great capitalists and that close connection between capitalism and bureaucratism which has led to their being called the Siamese twins,—all these make entire equality of all the members of the commonwealth under the liberal system more than problematical.

Hence the strong opposition of socialists, in their literature and manifestoes of their labour leagues, against the liberal system. Even at the time of Quesnay, when all the world was full of ardent enthusiasm for liberalism, and expected from it no less than the salvation of society, Linguet* uttered severe strictures against it which are only re-echoed by one of the most moderate opponents of the system in recent times, Marlo, in the following diatribes: "Although the liberals have not carried out their principles in any land as yet, completely, still the attempts which have been made already are sufficient to prove the uselessness of their efforts. They endeavoured to free labour, but only succeeded in subjecting it more completely under the yoke of capital; they aimed at setting at liberty all labour powers, and only riveted the chains of misery which held them bound; they wanted to release the bondman from the clod, and deprived him of the soil on which he stood by buying up the land; they yearned for a happy condition of society, and only created superfluity on the one hand and dire want on the other; they desired to secure for merit its own honourable reward, and only made

* See his "Theory of Civil Laws," 1767.

it the slave of wealth; they wanted to abolish all monopolies, and placed in their stead the monster monopoly, capital; they wanted to do away with all wars between nation and nation, and kindled the flames of civil war; they tried to get rid of the state, and yet have multiplied its burdens; they wanted to make education the common property of all, and made it a privilege of the rich; they aimed at the greatest moral improvement of society, and only have left it in a state of rotten immorality; they wanted, to say all in a word, unbounded liberty, and have produced the meanest servitude; they wanted the reverse of all which they actually obtained, and have thus given a proof that liberalism in all its ramifications is nothing but a perfect Utopia."

From this Marlo deduces the difference in creed of what he calls conscious, and unconscious, liberals respecting civil rights.

The creed of unconscious liberalism is this: As far as history reaches she presents a sad spectacle of subjection of one section of humanity by another. Solely in consequence of our researches the unmistakable means has been discovered for putting an end to this unhappy state of affairs, and it only requires to apply them rightly in order to the salvation of the human race. When every species of servitude shall have been abolished, when all limitation to liberty shall have been removed, when no more privileges shall be tolerated and man given back to himself shall again become the sole master of his own destiny; then all shall begin to enjoy the blessings of liberty, then all shall enjoy the fruit of their labours, as the reward of diligence; painstaking and enjoyment shall then be equally balanced, and the sources of misery finally dried up.

The creed of the conscious liberal according to Marlo

runs thus: There is nothing new under the sun, the old game of outwitting the weaker by the stronger repeats itself for ever, under every new phase of history it only appears under another form. Sometimes it is religion used by the priest, sometimes it is the sword used by the military chief for his own purposes of subjection. Now it is our turn, we are greater than our fathers. We have discovered an instrument of spoliation to which no other may be compared in its magic power; we rule the world by money, we have disposal of the products of the soil and of the proceeds of labour. Usury, speculation, and fraud are the inexhaustible resources of our power, and hunger is the whip used in our hand to lash the hired hordes of toiling instruments to make the utmost effort of which they are capable.

It is admitted that the greater part of the liberals are a mixture of both, neither altogether conscious or unconscious, and that only a few unpractical dreamers belong to the latter class.

We have thought it necessary to repeat these remarks of socialistic criticism in all their poignancy. We might even point out other equally grave faults, perhaps worse, in liberalism; to show how it is not all that is required for the solving of modern social problems. But at the same time we maintain that liberalism is no more altogether false as a system than it is altogether true; and to expect a real change of the present state of affairs for the better, by abolishing its leading principle, "freedom of acquisition," would not be social progress. It is true liberalism is one-sided in its conception of civil rights having regard to liberty of the subject only. But the remedy for this is that the kindred idea of equality must find its proper recognition; no capitalist need be afraid of it, in our sense of the word. What it means in its

exaggerated form, as represented in anti-liberal socialism or communism, shall be next considered, to show how in one-sidedness and absurdity these systems often surpass the wrong economic conclusions of pure liberalism.

CHAPTER III.

Communism, or Systems founded on Equality pure and simple.—History of the Movement in Ancient and Modern Times.—Its Dangerous Attitude more recently.—Political Romances: More's "Utopia."—Modern Communists: Babœuf, Cabet, Owen.—Arguments against Communism, valid and invalid.—Its Impotency as an Economic System for combining the Powers of Labour in Production.—Its Isolated Successes no Proof of its Value as a Universal System.

THE liberal tendencies of the age have been described in the last chapter. We have now to deal with the principle of equality, to which men's attention has been drawn still more recently. The masses, unsatisfied with the results of liberalism, are now being attracted towards the other pole of the same tendency, equality; and a strong popular current has set in in favour of that system which represents the idea, namely, communism. Among thinking men, those who favour the system are either ideal philosophers or goodnatured theologians, viz., Plato and Sir Thomas More. Such men, having little to lose themselves, in their cold-blooded calculations readily embrace, with unqualified approbation, the ideas of equality and fraternity. There are others who do so, prompted simply by a humane spirit, quite apart from religious feeling; among modern communists belonging to this class, the most distinguished was Robert Owen. Sometimes too the communistic movement is directed by the baser motives of political charlatans, who use it as a foil for their own purposes. Those noble proletarians who followed Catiline, and the factious leaders of the ultra-democracy during the first French revolution, were actuated by

anything but the highest and most disinterested of motives. And so too, more recently, the representatives of the "social movement" may not always be influenced by the purest motives.

Now what are the requisites to call into existence social or communistic movements? There are three, according to Stein: (1) a sharp contrast between rich and poor, having upon a destruction of the middle class; (2) recognition of the masses in the democratic constitution of the country; (3) raising expectations in the minds of people, and gaining over the masses by cunningly devised flattery. These conditions were actually fulfilled in Greece and Rome, both of which in their latter stage were convulsed by socialism; among some of the Anabaptists at the time of the Reformation; and in still more recent times in France, where communism has reached its highest development. But it must be added that, though similar conditions led to similar results in the above-mentioned cases, still at the present moment forces are at work and conditions prevail among ourselves, which are still more favourable to the spread of communistic ideas than in any former period of history. Formerly there may have been ample incentives to rouse the poor into a social war against the wealthier classes; but the great contrast between wages and capital profit was not then, as now, the bone of contention between rich and poor. Such war-cries as we find Lassalle raising against capital would not have been even understood among the ancients and the oppressed classes in the dark ages.

The promises held out by agitators to the masses now are: equal rights for all; no monopolies; liberty and equality for the people. Liberalism itself has paved the way to communism. The right of coalition among la-

bourers for their own interests, liberty of the press, the extension of the suffrage, together with the facility of rapid and cheap intercommunication by post and telegraph, afford labourers the means for united action where their interests are at stake. The working-man of our day has a consciousness of his own power, quite unparalleled by any of his compeers in former ages. Still, up to the present moment no country has made the attempt as yet to establish communism practically as the fundamental principle of the state, except perhaps during the short-lived reign of the commune of Paris.

We shall endeavour to give a short historical view of the development of communism, chiefly drawn from Marlo, who appears to do full justice to the various phases of communistic literature, describing them without prejudice and with no pronounced leaning either one way or the other. There is not a trace of an old communistic school, similar to the old liberal school of the mercantilists, although actually communism is one of the more primitive states of society. Still the romantic ideal of pure communism is a very different thing from the communism of those remote ages where the priest or patriarch still maintained their undisputed authority. We cannot give a detailed view of the several older Utopias,—of Sir Thomas More, 1516; the Dominican Campanella (1620), D. Vairasse (1677), and Fichte. Their united aim was simply this—to obtain equality of labour and enjoyment for all. In opposition to liberalism, these communistic ideals, unpractical as they are in many respects, seek to secure the equal and inalienable right of all to share in the use and enjoyment of a certain proportion of natural resources. To make certain of equal material existence they are ready to sacrifice individual liberty.

In our consideration of the proposals of more modern utopias, we meet with three typical representatives who have left an indelible impress upon all communistic movements and parties of more recent times, *i.e.* Babœuf, Robert Owen, and Cabet. The first of these, a man of dauntless courage and heroic firmness, endeavoured to introduce a communistic order of society towards the close of the first French revolution. He founded a communistic union, called the "Society of Equals," and exercised a powerful influence over the masses by his able organ, *The Tribune of the People*. The society was suppressed by the Directory, and thus became a secret conspiracy; and Babœuf himself suffered death for his zeal in the cause he advocated, his last words on the place of execution being, "I wrap myself into a virtuous slumber."

According to a series of decrees prepared by him, communism was to be introduced by gradual stages. The property of corporate bodies and public institutions was to be turned into public property first, and the property of living individuals was to follow in the same way upon their demise. The national property so formed was to be held in common. All citizens were to work for society in proportion to their capacity. For this purpose the members of every commune are divided into classes, according to the chief branches of production. Every class has its own self-chosen superintendent; every commune has its council, consisting of delegates chosen by the classes. This council assigns the functions of every member in the commune, and carries out the orders of the central authority. The land is divided into circuits and provinces, with their respective governments. The chief direction of production of commodities, as well as their distribution, and the

removal of citizens from one place to another, rests in the hand of the highest authority in the state, which again is informed of the capacities and requirements of every district by the intermediate authorities above enumerated. The manufactured products are stored up in public magazines, and are received there by the consumers. The state trades with countries beyond its own limits, and storehouses are erected near the frontier for that purpose. The surplus products of the soil in times of plenty are kept in reserve for times of want. The normal distribution of the functions of every citizen, to be insisted upon by the communal counsellors, is fixed by law. The same applies to the amount of daily labour required, and over exertion is to be avoided. All the citizens are to live in villages, as the crowding together of large numbers in cities is unnatural and detrimental to morals. They are to have comfortable dwelling-houses, and wearing apparel of the same make and shape. The food is to be frugal, and all luxury stringently prohibited, as interfering with man's proper mission. Agriculture, being the most natural occupation for man, receives the greatest share of attention; whereas the industrial pursuits and the arts are restricted to such as have the aptitude for acquiring them speedily. All literary productions undergo a careful examination by proper authorities before they are published and disseminated. Education is very simple and uniform, and does not take place in the family, from which children are removed at an early age, so as to avoid the beginnings of inequality.

Such was the blissful condition which Babœuf wished to impose upon a world which was already harassed to death by a liberal revolution. His proposals (in which he went even so far as to exclude the aristocracy of the arts and sciences) were met by a death-warrant. But

his ideas again gained currency during the July revolution, through a publication by one of his associates in the conspiracy, Buonarotti. The fatal errors implied in this system scarcely require a refutation. The total suppression of individual liberty, the establishment of a complete despotism, the trampling under foot of the arts and sciences—in fact all that raises humanity, and the utopian notion that it is possible to found a capitalistic system with its ramifications spreading far and wide, and yet wanting the central force of market price to direct its movements, and moreover the supposition that a people could be maintained by labour and enjoyment in equal proportions without any precautionary measures against the danger of over population—these are so many palpable mistakes of a daring conspirator, which scarcely require detailed criticism to show the utter futility of the scheme. The general tenour of our remarks in this volume is a sufficient answer.

A less monotonous system, but none the less impracticable, is that of the more refined communist E. Cabet. Living in exile after a participation in all the revolutionary movements in France, from 1815 to 1834, he there composed his "Voyage to Icaria" in 1840. Having made an unsuccessful attempt at introducing practically the principles advocated in this book into public affairs, shortly before the revolution of February he went to America with some of his followers, there to found a state according to his own heart, but failed.

His object was to bring about the triumph of communism by the power of reason only. In his book he proposes a transition period of fifty years, during which private property is still to be respected, but during which also preparations are to be made for eventually rendering all property common in

his Icarian republic. Cabet, unlike his predecessor, does not exclude the æsthetic element and refined enjoyments from his system, he does not threaten the destruction of arts and sciences. With an acute insight into the peculiar leanings of his own countrymen, he even admits perfumes and theatres into his scheme, and superior intellectual merits find their reward in his pantheon. Matrimony is to be held sacred, but Cabet promises in addition to the unswerving fealty of their husbands, many other acts of homage to the Icarian wives. The monotheistic faith is to be upheld, but a belief in the immortality of the soul is by no means compulsory. There are many mild traits in his system, still it is purely communistic. The state is sole proprietor, education is public, choice of calling is not altogether free, agricultural and industrial pursuits are carried on solely by public authority. All this is ideal communism.

The mildest, most humane, and self sacrificing, and at the same time the most consistent, of communists is Robert Owen. He is described by Marlo as a man of great activity and rare kindliness, who, influenced by truly Christian philanthropy, devoted the whole of his life with British pertinacity to the development and diffusion of philanthropic ideas. He was the sole creator of his own fortune, which was considerable. In the year 1789, he accepted the superintendence of a cotton-spinnery, situated on the banks of the Clyde, giving occupation to the village of New Lanark. There he found the labourers in the usually degraded and miserable condition, and therefore specially prepared for his experimental reforms. He at once introduced thorough improvements, built cottages for the labourers surrounded by small gardens, which were let at cost price; he erected storehouses where commodities were sold at wholesale prices, an

eating-house in which wholesome and sufficient food might be obtained cheaply; he helped them to invest a portion of their wages, and invited the working people to diligence and good behaviour by hanging up in various places where labour was going on tablets painted in different colours to indicate their conduct. He reduced the hours of labour to ten daily, and excluded from the factory all children under ten. He built a house for the reception of infants, and a school for elder children, where instruction was given gratis, etc. His exertions were crowned with success, and received the attention they deserved, even from crowned heads, who came from the continent to visit his happy colony of labourers. Owen, encouraged by this, thought of extending these blessings to a wider circle. He sent his writings to all the European governments, made proposals to parliament, founded societies, held meetings, etc., etc. But his humane efforts, misunderstood by many, drew upon him enmity and persecution, especially from the clergy. He went to the New World, and there founded his communistic settlement, "New Harmony." The result did not answer his expectations, and he returned to England renewing his social agitations. His attempt to found a society here on communistic principles failed from want of means. Still, in spite of disappointments and shattered plans, he relied with imperturbable confidence on the power of his ideas, and in his old age continued to believe in their final triumph.

Owen's doctrines—as exhibited in his two principal works, "New Views on Society, or an Essay on the Formation of Human Character," and "Book of the New Moral World," 1820, as also in other minor publications—are founded on a methodical investigation of the psychological nature of man. He starts with the idea that

man's character is the product of inner and outer influences, which more or less lessen his personal responsibility. He wants man to be surrounded, therefore, with such conditions as would be most favourable to his moral development. The necessary conditions for this end are, according to Owen, health of body and of mind, obtained by means of gymnastics and sound education. Although he rejects the positive doctrines of Christianity, he still insists on the importance of brotherly love, and the principles of Christian morality are ever before his mind. He would secure the necessary means of support to everybody, demands general though varying occupation of all in labour of some sort, pleasant social intercourse, opportunities for travel, liberty of opinion and of speech, freedom from superstition and the fear of punishment hereafter. These conditions Owen intends to offer in his communistic societies, each consisting of from five hundred to two thousand members. He forbids living in towns, and all inequalities of rank. The supreme power rests with a communal council, consisting of members from thirty to forty years of age, and whose deliberations are carried on publicly. Marriage is legalized, but can be dissolved in the absence of love on the part of the contracting parties. Education is common, and the same for all. All citizens receive their requirements from the communal authorities, and are bound to labour for the same, and in the course of their life take a share in all the various branches of production, so as to exclude inequality. All are divided into eight classes according to age, and five years of every life are devoted to each class,—in production of commodities or political pursuits; and similar work is cut out for every member of the same class. To establish some sort of bond of union between the different com-

munes of the same country, a congress is called together from time to time, to consult on matters affecting the common welfare.

Now what are we to think of these systems of pure and radical communism? There are those whose knowledge of communistic plans and writings is only superficial, and who thus find it easy to confute them by irony and set phrases. They say, for example, all communists are anti-religious, that they recognise no higher law than that of human reason. But this is not true; Cabet was a monotheist. Besides, sociology, not dogmatic theology, is the proper province of the communist. Atheism and materialism, moreover, are not confined to this class of political thinkers, and in our considerations of social questions there is no need of always first inquiring, "What is your religion?"

Another way of aspersing the doctrines of communism is to call them antichristian. It is forgotten that the Christian idea of equality underlies all the reasonings of communism, and communism has succeeded only as far as it was Christian in principle, having for its fundamental maxim brotherly love. In this, communism is much more Christian than the hankering after privileges of the old aristocracy, or the unbounded avarice of the plutocracy.

Then it is said communism is all sensuality, or materialism. There may be proletarians here and there, who may look upon the communistic states to be founded as a sort of paradise of idleness and vulgar enjoyment; but those who invented the plans of communistic organization were rather more exacting in their demands for frugality and severe simplicity than human nature is likely to bear. Plato's soup, recommended for the common table of the Spartans, was scarcely acceptable

to the gourmands of antiquity. And so too Babœuf's and Owen's endeavours to cut off, root and branch, the sensuality of the modern commercial towns were equally unwelcome to our millionaires and their wives, inordinate in their desire after self-gratification and display.

The charge of envy brought against communists is equally false. Men of such superior minds as the leading communists of every age were, from Plato downwards to More and Owen, who yet in their own systems put themselves on a par with the lowest in the community, cannot be accused of that sinister passion. It is true many moved by envy may be ready to join communistic schemes of spoliation. But we are not aware, on the other hand, that envy finds no room in the ranks of free-traders.

Not even that hackneyed accusation against communism, that it leads to the destruction of the family and property, is altogether correct. Not all property—only private property—is to be abolished; the collective property of the commune or the clan it would establish still more firmly than at present. It does not necessarily dissolve matrimonial relations; it would rather rid them of their present bitter ingredient, money considerations. It would be possible indeed to give encouragement to libertinism in communistic constitutions. But liberalism, in the face of the numberless scandals and immoralities which take place within its sphere, has scarcely a right to cast stones on its rival, communism. More, Cabet, and Owen do not recommend community of wives, although the relation between children and parents would be totally changed from what they are now in their respective systems.

Nor is the charge that communism leads to servitude and is purely negative, true, when preferred against it by

the privileged classes or liberals. Every new system is negative to some degree. Christianity was negative with regard to slavery; feudalism was negative in its attitude towards ancient national liberty; and so liberalism in its turn is negative towards feudalism and monarchical absolutism. The fact is, communism is by far too positive in its proposals for new social organizations, much more so than liberalism, with its empty notion of a state. Its over-positiveness, bordering on absurdity, is the chief weakness of communism. As to servitude, communism objects in principle strongly against all forms of old and new, direct or indirect, modes of enslaving the people (especially as it actually happens in the liberal system); however, it must be confessed that servitude would follow if society were organized in accordance with the proposals of some communistic authors.

Such are the arguments which are used generally now by the moneyed and influential classes. There is great danger in such reasoning, which only irritates the masses without convincing them. They deceive, moreover, those who use them. Such knock-down arguments, containing but a little truth amid a mass of dialectic chaff, are powerless against communists, and discourage reforms in the proper quarters, which are not communistic at all. They become in fact dangerous to property, because of their conscious hypocrisy and inherent sophistry. A more honest refutation, which admits the faults and is anxious to remove the abuses, of a one-sided capitalism, is much more likely to convince, if possible, even the labouring classes of the palpable errors of communism. Let us consider some of these errors.

Marlo has already pointed out (Vol. I., 2, pp. 484–518) that communism never yet has produced any purely economic system. There are economic, political, and ethical

systems propounded by liberalism; but in communistic theories economic, political, and moral views are all thrown together pell-mell, and communistic attacks against alleged corruption in the politics, morals, and property of their opponents are all in a state of solution. We shall distinguish between the purely economic from the ethical and political constituents of communistic doctrines. From the latter point of view, communism puts forward as its leading principle: *all men are equal*, and have equal rights, and all that we require is to maintain this equality, and foster it by education and an equal distribution of property among all. But experience contradicts this assertion as to the perfect equality of all individuals. We find that persons of the same social position, with the same education, and endowed with the same amount of property, will yet develop an entirely different individuality. Children, boys and girls, of the same family, with the same precedents and former experience on the side of the parents, yet manifest the utmost diversity in their personal development.

The second principle of communism is that all men have a right to use an *equal share* of those external natural goods granted by God to man. This is taking higher ground than was ever done before in the ancient or mediæval world with their privileged classes, or in the liberal world, where power, cunning, and good luck carry the day. But communism goes too far in assuming that all are equally capable, and willing to undergo the same amount of labour; it forgets that but a few are endowed with those mental requisites which enable men to take the lead in national production. Equal claims of all to limited natural resources prepared by capital, and then again equal requirements from all for the same amount of labour, are contrary to nature, and, since the labour capa-

city of individuals differs, altogether impossible. Production would only be impeded by an attempt to bring about equality of capital and labour exertion of and for all. True equalization, which is brought about by supplementing inequalities by means of commercial intercourse, in other words the specific productivity of the social nexus, would be rendered impossible by stretching every individual on the same bed of Procrustes.

The third communistic principle, that all men have *equal requirements*, is untrue. Requirements differ in kind and extent. Therefore it is unnecessary to impose the same work on all alike, which is regarded differently, by the light of trouble or enjoyment, by different individuals. By reducing the measure of enjoyment to the same level for all, the most effective motives to labour are removed, as by equalizing the amount of labour for all the most useful talents may be thrown away and prevented from further development.

These demands for an equal share in the collective property, an equal amount of individual labour, and an equal measure of enjoyment for all, would by no means ensure the moral and humanizing development of all. Modern communism lightly passes over the fact that the natural sources of subsistence are limited in quantity, and only up to a certain point capable of improvement. Should over population ensue (which is rather encouraged than otherwise by communistic institutions), then this theoretical equality of property, labour, and enjoyment would practically amount to poverty, slavery of labour, and misery. The duty of providing for oneself and family once disregarded by society, human beings would increase, to use the words of Mirabeau, "like the rats"; for the hereditary nature of private property is the chief barrier against over population. Prosperity in a commu-

nistic state is only, if at all, possible at its foundation. The wholesale distribution of the good things of the rich would be but little "among so many." The late Anselm Rothschild, when confronted by a few proletarians, during the troublesome days of 1848, in the streets of Frankfort, offered a dollar each as their proper share in a general division of property, such as they desired. And even this little, which would be available at first, would be abstracted by indulgence and fraud from the mass of the people by degrees.

The axiom, too, that immorality and crime are the consequence of present social conditions is but partly true. All men are prone to immorality more or less. This is not the result merely of inequality of fortune, nor is it likely that by removing it that evil would entirely disappear from the world. That section of society which is peculiarly sound in a moral sense is the middle class, who work with their own property. But in this moral zone of society we find property in its magnitude and mode of expenditure developed most unequally. Communistic criticism deserves attention, however, when it points out how external social conditions become the occasion of immorality. We are too apt to overlook this painful fact, to be indulgent to the crimes and immoralities of the wealthy; and our clerical censors as a rule are far too loath to acknowledge how much of sin and wretchedness among the poor is owing to present institutions of society. But on the other hand we cannot help considering it excessive exaggeration when communistic writers call the ruling and moneyed classes for the last six thousand years or more a band of robbers.

All the objections now urged against communism simply amount to this: disregard of individual rights,

and the abolition of all that peculiarly belong to the person. Just as liberalism in its exaggerated form permits an unbounded diversity at the expense of equality, and thus abolishes equality directly and true liberty of the greater number indirectly; so communism, whilst vastly exaggerating the importance of equality at the expense of liberty, would destroy directly the personal rights of the individual, and so interferes with its free development; and it also indirectly suppresses the principle of equality, for only where labour and enjoyment are meted out in equal proportion to personal capacity and willingness to exertion, can there be true equality.

Hence too the weakness of communism as a productive system of economy. The enjoyment which generally accompanies labour in the anticipation of reward, and the individual interest which persons take in the small capital they create and save up by frugality and care, would disappear if the amount of labour were assigned by authority and no deviation were allowed in the modicum and quality of commodities for consumption in return. No one will take the trouble to produce most effectively where the diligent and thrifty eventually fare no better than the drone and the spendthrift; where talent is of no value, technical skill will only remain stationary.

Domestic economy too, which presupposes every individual starting with his own plans for life, is rendered nugatory to some extent by being overruled in the regulations of communistic authority. And what would become of national wealth without private or collective separate economic establishments? The greatest economic mistake, however, made by communists is this, that they do not see that where every individual is free to act on its own responsibility it contributes, willingly

or unwillingly, towards the common good. He who, incited by the prospect of a good income, labours, saves, and speculates most economically, does not only benefit in doing so himself, but society; in fact, he is a most effective communist. It must never be forgotten too that the economic world cannot be controlled from one common centre; for if so, the few who could rule the universe would most probably turn out worse task-masters than the present leading capitalists. Economy must begin in the household. How could an army of officials, commanded by one central head, prescribe and execute laws for the myriads of human beings separated in space and time? Some communists solve this problem by subdividing the human family into communes and family circles, simply because small bodies only could be directed according to their plan. This is going backwards in civilization. It would be arresting the course of that mighty stream of universal production and consumption, as carried on by a widely diffused system of commercial enterprise, to lose itself in small rivulets in the sand. The fact is, in the institutions of the state, the corporation, and the family, we have even now this kind of communism, less monotonous and more economic than those recommended. Besides we have, what communism would destroy, those benevolent and other institutions which are founded for the common welfare, and that community of ideas in the writings, discoveries, and ideal products, of men of science and other benefactors of the human race whose works become the common treasury of mankind.

One word in conclusion with regard to those communistic experiments which have been made already in times past. Stress has been laid on the success of these experiments, especially in the case of Christian brother-

hoods. But they are not cases in point. They either were peculiar in adopting the principle of celibacy, and thus preventing the dangers of over population for which modern communism provides no remedy, although colonization is recommended by more ancient communists; or the communities are so small that they are no pattern for society at large, they depend in all their economic arrangement on the outer capitalistic world, and buy and sell in its markets which are regulated by the principle of competition. It has to be remembered that the exercise of authority becomes more difficult in proportion to its extension over a wider area, and that the links of friendship and sympathy are weakened as the circle widens; so that communism on a large scale, comprehending the whole world, is a very different thing from communism as applicable to the small community of the cloister or the sect.

But in conclusion we may say thus much in favour of communism: in demanding so decisively that public authority shall direct the economic process in the universe, and in excluding from it the present order of things with the leadership of capital, it is at least consistent, it recognises the necessity of some binding power, in order to combine the multifarious individual forces scattered all over the world. In this it is more satisfactory than those socialistic theories which we are about to examine; they, equally anxious to get rid of competition and capitalistic speculation, have however nothing to offer in their stead.

CHAPTER IV.

Transition from Communism to Federalism (or Co-operative Systems).—I. Half-Communism, or Socialism proper.—Morelli and Louis Blanc.—St. Simon.—Bazard.—Enfantin.—Fourier and Considérant.—The peculiar System of Fourier considered. II. Half-Liberalism.—Its Proposals considered.

ABSOLUTE equality in communism, as well as absolute liberty in the abstract in liberalism, was found to be impracticable in its extreme consequences. Attempts were made accordingly to reconcile the two extremes, in the systems of half-communism and half-liberalism. Half-communism (or socialism proper), standing midway between communism and federalism, we shall consider first.

Its object is to avoid the extreme of abstract equality demanded by communism, and it requires labour and enjoyment in proportion to individual capacity and requirements. Although leaning rather towards communism, and only dimly foreshadowing federalism, it nevertheless paved the way to those ideas which would reconcile liberalism and communism, liberty and equality, in federalism. It is like its predecessor essentially anti-capitalistic. Morelli, a distinguished contemporary of Quesnay, was one of the first who approached this system, but his ideas have influenced later generations rather than his own. He maintained what has been so beautifully expressed by a later eminent representative of similar ideas, Louis Blanc, that talent being the gift of God must be used in the service of our less favoured fellow-mortals, that the strong must assist the weak in the social system. But, however excellent this principle may be in itself, it

is not practical; and so too it is impossible to carry out the formula of Louis Blanc, in his "Organization of Labour," where he virtually lays down this rule for all, viz., liability to work in proportion to labour capacity, and enjoyment in proportion to individual requirements.

The gap between these two is liable to become so formidable as to defy any attempt to bring about an equation between them. The requirements of any given individual are capable of endless expansion, whereas the capacity of the same individual for making himself useful to society may be infinitesimally small. Who is to measure either? The difficulty of the problem increases as population increases, and the requirements of individuals have to be circumscribed accordingly. The slightest mistake in the measure of enjoyment granted to individuals would be injustice towards somebody else, and thereby a due proportionate distribution would be made illusory.

No less untenable are the proposals for the organization of labour according to which every one is to help in producing according to his capacity, where the most talented would only be taxed to do a greater amount of work without having a greater share of enjoyment; where everything is to be done on co-operative principles, competition and compulsion are both excluded. Again we ask who is to tax the labour power of every individual, and without compulsion who will warrant its being turned to account as it ought? Who is to regulate the distribution of labour, and direct the various branches of the co-operative system? Louis Blanc replies, the officials of the different associations. But who is to guarantee for their capacity in calculation, foresight, and economic skill? We know how much national wealth is squandered even with the help of the present capitalistic system, by reason of official blundering. Is it likely that the

financial operations of the association conducted by officials would be more successful? If no one is actually responsible for a proper valuation of the cost and use of commodities to be produced and consumed, in the absence of the regulating principle of competition, the wildest extravagance may be expected as a natural result.

It is true, normal prices and a system of mutual insurance are recommended, to avoid disastrous consequences. But it is forgotten that normal prices having to be regulated by cost price, the question stands as before, who is to fix the cost price—the official who produces economically, or he who does not, and who is to decide the question between them? The aid supplied to those associations who fail, out of the general insurance fund, would only become a premium for waste and bad management, and would thus imperil the well-being of the whole confederation. That fund, to be formed out of the 25 per cent. of the net income of all branches of the federation, would be swallowed up by the less successful among them as the lean kine of Pharaoh's dream swallowed up the fat ones. And this applies also to the 25 per cent. to be similarly raised for the sick, the aged, and the unfortunate; and another 25 per cent. for the liquidation of debt incurred in the proposed state bank, to be founded at the first establishment of the federation to grant general loans for initiating co-operative production. How a net revenue, without excess of normal over cost price, is to be effected in this non-capitalistic system is not stated.

From all this it follows that either in this system force must be resorted to by the chief direction or commission, the "ministry of progress" as Louis Blanc calls it (in that case his system could be scarcely

distinguished from communism); or everything toward combining and distributing the various productive forces in the most economic manner would be wanting, as well as all guarantees against mismanagement and loss and an uneven division of labour and capital. In the former case economy, liberty, and individual development would become less possible than at present under the hegemony of capital. In the latter case, instead of an "organization of labour" we should have uneconomic anarchy.

The great mistake underlying all the reasonings of Louis Blanc consists in his assumption that the federal or co-operative mode of production is the only legitimate mode of producing at all, whereas it has only a relative value, and his forgetting that capitalism though requiring reforms may not be altogether rejected. Besides this he failed in comprehending and applying the full federalistic principle, which requires the most effective distribution of property *(Gütervermögen)* according to individual capacity and willingness to labour, and the right of all to reap the fruit of their own labour obtained by means of such equitable distribution. We may call his system a utopian federalism, and it marks a transition from pure communism to what may be strictly called socialism.

By socialism proper we mean that system which recognises inequality both in the capacity and requirements of individuals, and accordingly allows wages to be proportionate to work done, and admits of private income along with collective property. These admissions separate socialism from abstract communism, inasmuch as it respects individual rights, and avoids the half-way system of Morelli and the dualistic principle of Louis Blanc.

The disappointment at the barren results of the first

French revolution, as far as the general well-being of all classes in society is concerned, gave rise to socialism, which, as the name implies, demands material improvement in the social condition of the people, a result vainly expected from the fine speeches of the liberal agitators of the revolutionary period. An opposition was formed against them, which discarding their notions respecting the rights of property started from this fundamental idea, that the social body, the totality of social life, and not the state, must become henceforth the subject of reforms.

The first representative of this social opposition was the Count St. Simon, who, having severely suffered by the revolution, after many vicissitudes of fortune during his eventful career, died in 1825. He it was who first used the word "bourgeoisie" in its present acceptation, and his great aim was to raise the condition of the "industrial" classes to an equality with that of the middle classes. He laid the foundation too of modern historical criticism, from a social-economic point of view. But he did not go further in a positive direction than giving expression to a general desire for the salvation of the working people and a revival of Christianity as a religion of brotherly love.*

His ideas were further developed by his followers Bazard and Enfantin, who gained many adherents during

* His two principal works, inspired by these two great wishes respectively, are the "Catechism of the Industrials," and the "New Christendom." He was prosecuted for the publication of a pamphlet under the title "Parabole," in which he shows how France, by the death of 300 of her leading artists and scholars, would suffer for a whole generation; whereas by the loss of the upper 3000, including persons of the highest rank in church and state, as also some of the wealthiest members of the bourgeoisie, the heart of France, but not her general interests, would suffer.

the first few years after the Revolution of July. Enfantin's practical experiment on his own seat, where he acted as the "father" of his people, brought the cause into ridicule and discredit; but Bazard's opinions, as having more moral weight and thoughtful significance, deserve attention. His principles were concentrated in this demand: "property for everybody in proportion to their ability, and for every ability a reward commensurate with services rendered." This is to be carried into effect by sequestrating all legacies and distributing the sum total among the living generation in proportion to their abilities. But, like Louis Blanc, he fails to point out who is to value individual abilities satisfactorily to all parties. Both forget that in abolishing the right of inheritance the individual development of children, already commenced in their homes, would be subjected to a constant deterioration, with a decrease of moral strength and the annihilation of individual happiness.

In this respect communism is more practical than socialism; it would bring up all children on the same level by making all education public, and providing eventually for all an equal share of enjoyment. Socialism admits at first inequality in education and individual development, and then by confiscation cruelly deprives the children of those very means which could supply the requirements which have become natural by habit. Besides, with the removal of the right of inheritance, much less property would be created, a great deal of it would be squandered and embezzled; very little would be left to reward ability, and that little, owing to over population, would have to be divided among a good many. And what will become of justice towards those who have no special abilities? Bazard ignores the fact that different occupations, even where talent is equal, require unequal amounts

of capital for their purpose, a common boor requires more than a superior artist. And what is still worse, whereas capitalism creates an economic nobility of merit in awarding the highest income in wages, interest, and profit to the most economic individual, Bazard's system would only create a privilege of a still latent talent, a "nobility of talent" as Marlo has termed it.

Whilst the Count de St. Simon was brooding over his ideas on social regeneration in a corner of Paris, a shop-boy in the south of France was pondering over the same problem. The shop-boy was C. Fourier, who eventually became the founder of a school of socialists which stepped into the place of St. Simonism after the latter had become defunct. Charles Fourier is the most distinguished of socialists, but, owing to his extravagant notions, gives also ample material to the opponents of socialism for making merry over its weak points. The son of a shopkeeper and destined in early life to follow his father's calling, the monotony of his career is scarcely relieved by any remarkable incident. His not inconsiderable fortune having been lost during the revolution, he remained for life the assistant in a house of business, where he punctually performed the duties of his calling, and found time during his leisure hours to devote himself to the study of the sciences. As in the case of St. Simon, his genius was not appreciated by his own contemporaries. He bore his fate with fortitude, lived to see a school formed to disseminate his doctrines not without success, and to receive in his old age the tender attention of his former pupils. He died with characteristic resignation (1837), and a stone placed on his modest tomb bears the inscription quite in keeping with his teaching: "Instincts correspond to their destiny, from the series springs harmony."

Fourier was a critical as well as a creative genius,

original, fertile in ideas, and living far above the spirit of his own times in mental calibre and activity. His comprehensive writings contain a strange motley of striking descriptions, strange calculations, fantastic speculations, palpable errors and weighty truths. Their diction is often peculiar, and the meaning obscure. The truth they contain has been often overlooked, whereas the mistakes and extravagances they display have been generally held up to ridicule. The dross and not the gold has been discovered by the critics; and posterity alone, says Marlo, will appoint him the high rank he deserves as an economist.* In order to judge of his system it is necessary to note one or two salient points in his conception of the constitution of man and the universe. Happiness he acknowledges is "our being's end and aim;" and the only true science which leads to its attainment is sociology. As the doctrine of the material movements in the universe has been fixed by Newton's discoveries, so too the laws which regulate the movements in the social world must first be ascertained before we can hope to render mankind happy. To become such a social Newton was undoubtedly Fourier's ambition, and this is the fundamental law of his social Principia.

* The two chief works of Fourier are: "The Theory of the Four Movements," 1808, which contains his views of the world in general, and "The Association of Domestic and Agricultural Economy," 1822, which contains his special views of the social system. Because of their peculiar form they did not obtain a wide circulation, until Considérant, the head of Fourier's school, moulded its teaching into a more acceptable form. The "Social Mission," of V. Considérant, 1834, and "Fourier and his System," by M. Gatti de Gamond, 1838, "Introduction to Social Science," by M. Paget, 1838, and "The Words of Providence," by Clarisse Vigoureux, 1835, are some of the more important publications issuing from this school. A periodical, *Phalanstère*, founded in 1832, and a daily organ, *The Peaceful Democracy*, founded in 1843, belong to the same class.

If we merely follow our own inclinations, or natural instincts (passions), unreservedly, we are sure to fulfil our mission in life, they will "attract" us towards those objects and callings for which we are "destined." The cooperation of mankind, separated into different groups according to their varying instincts, would produce a blending together into one most perfect "harmony." Series of producers would be formed, engaged in different pursuits suitable to their inclinations, working together not only cheerfully but with ardour and enthusiasm, inspired with a love for their respective callings, mutually changing their employment to avoid monotony, and vying with one another in zeal and skill in a happy rivalry. Since all existing miseries, hypocrisies, and disharmonies are owing to the vain efforts of philosophers to suppress or misdirect natural instincts, so too, if once these instincts (which are all good!) are allowed to have free course, labour will become not only a delight but a passion, and a heightened productivity will be the result. This era of truth and happiness, which Fourier calls the "bursting of harmony out of chaos," is even to be accompanied by happy changes in the atmospheric condition and other millennial improvements in the material universe.

Glowing as these prospects are, Fourier's views of society in his own day are all the more dismal, both as regards the family and industry. He points out with regard to the former how the subjection and comparative degradation of woman, and the uses and abuses of the institution and laws of matrimony, lead to innumerable social evils. With regard to the latter he attacks commerce as the "cancer of civilization," and calls merchants "a swarm of vultures devouring agriculture and industry, and bringing society under

its dominion," and so forth. He is keen in his strictures on the condition of agricultural and domestic economy. Here he points out the great waste of labour and commodities in consumption, owing to the absence of co-operation. He points out the pitiable condition of agricultural implements, buildings, etc., and the waste and unnecessary expenditure, because of the isolation and ignorance of the small farmers, all having their own separate establishments, whereas both time and money might be saved by combined operation.

The same waste, and for the same reasons, he observes in domestic economy. Here he points out how the preparation of food, the use of fuel and various household utensils, cleaning, and the rearing up of children in so many separate small households, lead to waste and discomfort, and an immense loss of labour power. The trades being carried on in poor, dirty, and unhealthy workshops, and the tradesmen being chained for years to the same monotonous occupation, sometimes compelled to spend a whole lifetime in utter loneliness, he equally laments. He shows the evil consequences in the physical waste of power and a natural dislike for such work. He shows that labour is inadequately rewarded, and poverty and wretchedness, in spite of our much boasted of modern civilization, reign supreme. What good is liberty, he inquires, to a man well-nigh famishing from insufficient remuneration for his labour? Liberals speak of "the bliss of living under a free constitution," as if it was a comfort to the poor man to read Magna Charta in lieu of taking his meals. The savage enjoys the natural right of the meadow, the river, the woods to chase in, and to collect wild fruits growing in profusion. Civilization has robbed him of these, and only left him a "minimum" of daily support instead. And then he concludes a long

tirade against liberalism by saying, the beginning and end of its wisdom is "a social contract founded on hunger and bayonets."

Such are Fourier's first principles, and such is his criticism on existing social relations. Let us next inquire what are the remedies proposed in his own system. In reforms touching the family he lays much stress on reinstating woman in her own rights. But, admitting polygamy and libertinage on the plea that all must follow natural instinct, irrespective of ethical considerations, he instead of reforming would rather destroy the family.

His ideas on the "harmonious organization of industry," specially as further developed by his disciples, contain many valuable hints. Starting from the principle that "scarcely any labour, however severe, undergone by human beings for the sake of subsistence, exceeds in intensity that which other human beings, whose subsistence is already provided for, are found ready and even eager to undergo for pleasure,"* the Fourierists aim at a distribution of the various functions and pursuits of industry, according to the special aptitudes and inclinations of men. They would therefore leave the choice to individuals to which of the social groups they would belong, or whether to several simultaneously. These groups carry on the process of production; and thus by sympathy and association it is hoped to render labour attractive, and consequently more

* This sentence, borrowed from J. S. Mill, is a fair account of the leading principle. Mill, in his short résumé of Fourier's system, brings forward into prominence its best side, and scarcely touches on those points which have brought the whole system into disrepute, although he acknowledges that it is not one capable of universal application. See Book II., chap. 1, § 4, of his "Principles of Political Economy," p. 132 of the People's Edition.

efficient. This system of voluntary co-operation, they maintain, would have all the advantages of wholesale trade. The agricultural societary communities so formed would be very much like a joint-stock company. This company would issue shares, to be held by its members, representing the appraised value of lands, buildings, and agricultural implements, contributed by them individually. This institution would combine both the advantages of private and public property: all the factors for the production of wealth—capital, labour, and talent, may be found united here; the soil will be worked in the best manner, the products will be stored up in large, well appointed public magazines, superior food will be provided for all in one large common kitchen, the trades are all carried on in factory style, and a few communal agents do all the work of the present host of useless tradesmen.

Here it is manifest great saving in labour and capital might be effected; and labour, which formerly was lost in trivial isolated efforts, might now be directed into a productive channel. The dwelling-houses of such communities, both in architectural style and comfort, would be very superior. They are to consist of one block of buildings, called the "phalanstère," with wings attached which serve as the workshops. Sanitary precautions are taken, and facility of communication between the various groups of labourers engaged in the several branches of manufacture and agriculture are established, so as to make the work of production most effective and attractive. A solidarity of interests would preclude envy, and a competent income and salutary amusement during leisure-hours would arouse the kindlier feelings of our human nature. Thus all, enjoying that liberty which so many political convulsions have not been able to obtain for man, would secure all and more than all the advantages of

compulsory and excessive labour. Rivalry, being confined to the various groups, would preclude personal enmities, as each group would try to distinguish itself, like the different regiments in an army, and all, even those who succumbed, would ultimately share the benefits of the victory. Nor would personal ambition disturb the harmony of a society formed on such bases. For where everybody may select the vocation towards which he has a special leaning, and may take part in various branches of production, there must be general satisfaction; for in some branch or other every individual is sure to gain distinction.

The dangers of intrigue and favouritism are provided against by having the officials in every such community elected by their own peers, who are best able to judge of their merits and watch over their own interests. Over exertion and the monotony of the workshop are avoided by lessening the hours of labour time, and doing the work in company. The repulsiveness of the dirty, damp, and badly ventilated workshop is avoided, and labour will be rendered otherwise more attractive by a more equitable remuneration; for all merit will be duly rewarded. And in order to this, all the commodities produced in this societary community are distributed among three factors of production. *Capital* receives its due dividends, all being capitalists, and having therefore no reason for diminishing this source of income. *Labour* is divided into the necessary, the useful, and the pleasant, and rewarded accordingly; the community pays the series, the series pays the group, and the group again the individual. The reward of *talent* is adjudged by the community, and paid by officials according to rank.

Party combination between officials and non-officials is provided against by the peculiar regulations of the serial

system, which absorbs private interests, so that even selfishness becomes a motive of justice. Some, like physicians, are paid a yearly dividend. To the poorer members a "minimum" of wages is paid in advance, the rest at the end of the year; as labour is attractive under the proposed system, there is no danger in prepayment. Great works undertaken for the common good are performed by industrial armies who, unlike our standing armies, are destined for production not destruction. They plant forests in the mountains, render deserts fruitful, reclaim morasses, erect bridges, regulate river-basins, dig canals, build railways, break through isthmuses like those of Suez and Panama; in short, they accomplish the great work, "to subdue the earth under the human race to use the increase thereof." The credentials of all religions make man lord of the creation. Their promises remain unfulfilled however, so long as he is clothed in rags, and devoured by hunger, and wasting in misery. The societary order of things alone can ameliorate his outward condition, and enable him to follow his high destiny.

Such are the social theories of Fourier and his school. Let us now endeavour to estimate their value, and separate what is important and true from all that is impracticable and visionary. The two leading principles from which these theories start, *i.e. destiny* and *harmony*, imply a contradiction. If irrevocable laws govern all things, and man involuntarily follows his destiny, then all efforts on his part to establish harmony out of existing disharmonies must be fruitless and unnecessary. If harmony reigns on the other hand supreme, whence the necessity for reforms? whence those disharmonies complained of by Fourier? A social reformer, as has well been observed on this point, must be disharmonist and voluntist. Fourier professes to be neither in his philo-

sophy; and hence in his criticism, and his proposed reforms, he is in contradiction with his own premises.

At the same time, there is a great deal of truth in some of his critical remarks, and they no doubt have given an impulse to modern practical reforms. The importance of co-operative production has been recognised chiefly in consequence of his first pointing out the economical benefits of the association. The narrow-minded fear of wholesale trade, and machinery too, was in a measure dispelled by Fourier's unqualified recognition of their value. His remarks on the unnecessary hardships of labour, and the evil consequences of excessive toil, have had their influence on modern factory-laws for the protection of labour and the shortening of the labour hours. Sanitary reforms and improvements of the labourer's homestead, which have become the question of the hour, owe not a little of their origin to the spread of Fourier's ideas.

Even in his strange illusions as to the modes of preparing food, tending of children, and rendering domestic services, there is some practical good sense amid a great deal that offends our taste and is in contradiction to our home associations. For without excluding the separate family table, which is part of our family life, much saving might be effected in consumption by a system of co-operation. Children might be brought up in houses set apart for the purpose, to relieve their poor mothers, overburdened already by other home duties and factory labour. Washing and cleansing, and the preparation of food, might be accomplished more economically by special establishments maintained by co-operation, instead of being, as they are now, performed separately and inadequately in every cottage. And in the same manner the final preparation of many commodities for

use in the family might be left profitably to be done by separate departments; all this would tend to greater domestic economy, without in the least degree interfering with the charm of domestic ties. Similarly in agriculture the present waste of time and labour during certain seasons of the year, pointed out by Fourier, admits of reform; and his desire of a useful and harmonious interchange of domestic and agricultural work, to fill up spare time, demands a careful consideration.

Whilst thus acknowledging the positive proposals, but more especially the critical value, of Fourier's system, we are very far from thinking his organization of labour practical. His proposal of having social communities, of from eighteen hundred to two thousand members, is anti-economic with regard to the proper distribution of labour. The communities are too small for the exercise of great talent, and all the talent required in a well constituted society is not likely to be found among so small a number of individuals. The dangers of waste, and the temptation to embezzlement, as well as the absence of proper incitement to exertion, present the same drawbacks here which we observed to exist in communism. It is moreover too much to assume that *all* labour can be turned into enjoyment. It may be true of some few branches of industry and mental labour, but there are many others which require far stronger motives than a "passion" for work in order to find persons to perform them at all.

His recommendation of frequent change and rest from labour would have no doubt the effect of making work more agreeable. But, on the other hand, if the labourer is to flutter about, like a butterfly, from one industrial branch to another, it will tell unfavourably on the economic results. The fact that co-operative production is

only of relative not universal application seems to have escaped Fourier altogether. In the same way, the assumption that all the income of the societary communities may be divided in given proportions among the contributors of capital, talent, and labour respectively, is altogether gratuitous, and arbitrary. (How are labour and talent to be distinguished?)

But the chief objection against the whole system is, that the association principle, as here applied to the organization of labour, is perfectly utopian. The societary communities are supposed to act under authorities who have no power whatever. They group themselves, like atoms of water are crystallized when the freezing point has been reached, of their own accord round a centre; and the whole empire of the world under its "uniarch" is thus held together without force, a sort of "comfortable anarchy" reigning supreme. A system, which in its contempt for pure politics goes so far as to attempt founding a cosmopolitan harmony on universal anarchy, is as impracticable as it is absurd.

Socialism then, although in some points showing the way to federalism on economic principles, falls short even of the practical utility of communism; and, though acrimoniously attacking capitalism, it has nothing to offer in its stead. Newton recognised the mechanism of the solar system and the principle of gravitation, by which all bodies are attracted towards each other. Fourier, on the other hand, discards the existing mechanism of capitalistic competition, which regulates the movements of the social universe, and yet, as far as his own ideas are practical at all, they are so by adaptation to the existing condition of the capitalistic world. Some good, however, may arise out of his criticism, in various moderate reforms, touching both industry and property.

We now turn to the views of the half-liberal school (of systems we can scarcely here speak): a class of thinkers who made it their object to avoid the liberal extreme, and to restrict in some points pure individual liberty in the economic process, where this is necessary, and to complete and concert by means of public institutions and the interference of government that in which capitalism seemed wanting. The number of these half-liberal reformers is legion, but their views and proposals are extremely divergent from each other. We call them half-liberal because, though liberal to a man, they all shrink from adopting liberalism in its extreme consequences. Their proposals are generally founded on practical experience, and directed towards practical interests. Some in their dislike to the "*laissez-faire*" system show inclinations to reintroduce semi-feudal measures, or even approach the social-equality principle, laying no little stress on the social vocation of the police and the civil service; Mohl in Germany is one of the most distinguished men of this class. Others again have chiefly directed their attention to the amending of the poor-laws and the improvement of the prison systems. Then again, there have been those who, like Gaskell in England (1832), writing on the factory population, show strong Christian and humane tendencies. Some writings of this class owe their origin to parliamentary inquiries and reports, or to the petitions and decisions of the trade-unions published in 1848. From 1840 to 1850 we meet with a more or less pronounced half-liberal literature, on the co-operative or association system, influenced partly by Christian-humane efforts and partly by socialistic ideas.

With the rise of the co-operative system in France, England, and Germany (Schulze-Delitzsch) this sort of

literature spread more extensively. The proposals contained therein, however well meant, are wanting in pronounced principles; they are more or less fragmentary and vague, mere palliatives. They demand improved education, prizes for moral conduct, changes in the industry of penal establishments, lotteries for the poor, mendicity societies, agricultural colonies, improvement of the poor-houses, asylums for children, etc. They also require the appointment of national-economic officials for observation and aid when required, compulsory contribution on the part of the employers of labour towards the funds of the friendly societies and savings banks for the benefit of their employés. They demand, moreover, limitations as to change of abode and the settling down in trade in different localities, technical examinations, restrictions of factory industry; in short, measures in a reactionary direction, and aiming at a partial reinstitution of the defunct guild system. Then, again, they will have exhibitions and premiums for industry, the preservation of domains of the state and corporate property, enclosures, entail, reduction of tillage land and undivided inheritance of peasant property, colonisation and emigration, reforms in taxation and finance, cheap credit, opposition to usury, savings banks, and legal compulsion to save, guarantees to ensure constant work, regulation of wages, time of labour, and a share in the profits of the employer (all to be fixed by the state), the foundation of co-operative undertakings and their support by the state. These are the demands (some of a social-democratic nature) which have been made in the writings referred to, and a few of them deserve to be more closely examined.

The demand for commons and public domains is a retrograde movement. If complied with, it would

hinder a higher and more intensive agricultural economy and the highest possible returns in produce of the soil; hence would result a smaller share of the natural sustenance for the people. Again, to establish a right to state assistance in emigration would open all the sluice-gates of proletarian over population. To found agricultural colonies in a poor soil would be likewise an economic mistake; the unthankful soil would only swallow up human labour, and return a poor pittance barely sufficient to maintain a proletarian population.

By financial and similar reforms to be carried out by the state are chiefly meant the following: —a progressive income-tax, a measure the carrying out of which would require extreme caution; the redemption of landed property and the collecting of the ground-rent by the state (unbounded expectations are entertained on this measure, whilst the most essential points, from an economic point of view, are generally ignored); heavy taxes on inherited estates (succession duties), which, although perhaps applicable to remote collateral inheritances, would in other cases probably do more harm than good; and, finally, a reduction in the national expenditure which includes the reduction of standing armies and a less expensive mode of carrying on monarchical government.

The public credit banks, projected again and again both by half-liberals and thorough-going socialists, are mere delusions, as we shall point out presently when considering the properties of credit. To establish a state fund, such as Proudhon obscurely indicates, by means of general taxation, and to grant loans out of it free of charge of interest, would be simply confiscating the property of those so taxed, and would discourage the accumulation of capital. Nor will

the establishment of savings banks and insurance offices by itself lead to the extinction of the proletarian class; for many labourers there remains nothing to be saved, or wherewith to effect an insurance. Then again, small savings only prolong suffering in bad times, and increase privations in better times. Several writers, in fact, have called the savings bank a hypocritical institution founded by liberal society for the purpose of shifting the burden to provide for the indigent, for depressing the price of labour so as to reduce wages to a minimum point just sufficient to maintain life. And lastly, the mode of investing savings is faulty, and scarcely calculated to benefit the labouring classes; and in any case the establishment of the savings bank as a reform is but remotely connected with the social question.

The right of the labourer to constant work has been demanded again and again since the first French revolution, and it is partly recognised in most European states by the establishment of the union, which indirectly affords occupation at the very lowest rate of wages to those out of employment, and directly does acknowledge a claim on the part of every impoverished person to be supported by the parish or the district. At the same time, the "right to get labour" has led to many conflicts in principle. When a labourer in 1848 suddenly entered with some noise the hall in which the Provisional French Government held its sitting, the following terror-inspiring decree was issued on the 25th of February:—"The Provisional Government of the Republic binds itself to guarantee the means of livelihood to the labourer by work, and binds itself to procure labour for all citizens." But in the same year, on the 11th September, this decree was revoked by a vast majority of the *Constituante*.

For all practical purposes this right cannot be extended beyond its actual recognition in existing poor-laws, unless steps are taken at the same time to prevent over population. Of course, if the poor-laws act in accordance with Malthus's theory, by decimating the people, this would become scarcely necessary. It is a sophism to say with Thiers that the freedom of labour is a security to the labourer in itself. We have seen in the chapter on property that without the help of external possessions of some kind labour is unproductive. Freedom of labour does therefore not secure even the necessaries of life; and this our poor-laws do practically recognise,* by providing against it, although in the most repulsive manner. This fact argues, moreover, a want of faith in the economic harmony of the liberal system. The abolition of all claims to public support, although it might be a piece of barbarism, would be far more consistent from a mere liberal standpoint. That there are workhouses, and men able to work in them, proves that many "free men" cannot even find enough of employment to keep them from starvation, whereas every free man would have more than sufficient if freedom of labour led to those grand results boasted of by pure liberals.

The fact is, neither poor-laws nor guarantees of work for the labourer can effect much change for the better, without such a retardation of over population and such an adjustment of the rights of property as would enable all individuals to have a proportionate joint use in those external powers of production which are avail-

* See "Essays and Lectures, Political and Social," by Henry Fawcett, M.P., and Millicent G. Fawcett, Lecture I., p. 25 *et seq.* "The English poor-law," says Mr. Fawcett, p. 27, "is distinctly socialistic in its tendencies."

able only in a limited degree. Towards this point tend all recent efforts at "social" reform in England; they demand emigration grants, and point out the abuses of large landed properties. The fact stares us in the face that the basis of all human subsistence is limited in extent; so that, with over population on the increase, no power on earth could secure absolutely work enough to feed all at the very lowest rate of living among the labouring poor. To guarantee wages which would secure more than the bare necessaries of life, to some industrial branches, would exclude the rest from an enjoyment of common necessaries, and would be creating a lower proletarian class out of the more favoured ranks of labourers themselves.

The protection of factory labourers is a worthy object, which has been steadily pursued in England for more than forty years in and out of parliament, but without the appointment of able and independent inspectors acts of the legislature will remain a dead letter. The same argument applies to the laws on the shortening of the hours of labour and legal appointment of normal labour days. To secure a share in the employer's profits for the employed, by law, is a utopian scheme which no political economist, half-liberal or socialist, can seriously uphold. Even the fixing the rate of shares by the legislature is in itself surrounded by insuperable difficulties. The restriction of liberty in settling down at any given place would only hinder the natural local equalization of surplus population. The narrow-minded rural communities, who now get rid of their overplus population by migration to the larger towns, would be the first to suffer under it. To carry on again commerce by official authority, would as we have shown, be a great economic error. To restrict by the law of inheritance peasant-pro-

prietorship to one son in the family, so as to avoid subdivision of land, might or might not counteract over population, but is in itself a measure establishing undeniably an unwarranted prerogative.* Finally, the regulation and artificial amalgamation of landed properties so as to reduce them to certain fixed sizes† are agrarian measures which are scarcely founded on economic principles, nor do they secure the best cultivation of the soil and the best adaptation to the various changes which follow in the rear of civilization, easy communication and the facility of transportation to and from the markets.

In reviewing all the various proposals on the part of the half-liberals, we must acknowledge that they contain a respectable fund of ideas on social reform. The vagueness and fragmentary character of these writings, and the absence of any combined action on the part of their authors, are partly the cause of their not having led to great practical results. There is a want of thoroughgoing conception of the real position, and a timidity in facing those powerful existing monopolies which are the outgrowths of capitalism, though in contradiction to its true ends. This too has largely contributed towards their failure. Whilst deploring this we are far from doubt-

* The reader will observe that the above refers more to continental agrarian conditions. Moreover, from this it appears that the very thing which some English political economists object to, in the prevailing conditions in the tenure of land here, is demanded by continental economists in order to a more useful distribution of landed property in their countries.

† See a work by Winter, "Vertheilung der Landsitze nach den socialen Forderungen der Zeit," 1849. He requires six different sorts of landed property as to magnitude, in fixed numerical proportions, according to which the whole national domain is to be divided and classified. Compare also the more important work of Bernhardi on great and small landed property.

ing the good faith and philanthropic aspirations of these authors. It is in the nature of ideas on social subjects to grow up slowly to maturity. Nor is it to be wondered at that sober men,—in the glare of such rash and destructive reformers as the thorough-going communists and daring socialists,—pause before venturing deeper into the water than their feet will carry them. When such men as Sismondi,* whose candour and economical attainments no one can for a moment suspect, despaired at last of any improvement in the existing social-economic order, and actually was so far misled as to oppose the use of machinery, one of the most effectual means of economic development, we must not wonder at the comparative failure of other more or less able and true exponents of the same semi-liberal theories.

* See his most important work, "New Principles of Political Economy," 1819.

CHAPTER V.

Economic Federalism.—Marlo its first and foremost Representative in Germany.—Contents, and Analysis of his Work: (*a*) Historical criticism, containing notes on class-antagonism in France, England, and Germany; the Social Conditions of Europe and America compared; (*b*) Positive and Dogmatical Part.—Combination of Productive Powers on Federal Principles.—Co-operative Systems, their Advantages and Disadvantages.—The true Nature and Objects of Federalistic Institutions.—Federalism in its Relations to Liberalism and Communism.—The Prospects of Federalism.

In the preceding chapters we have considered pure liberal capitalism, which, solely resting on individual freedom and refusing all state interference, expects the salvation of society from liberty. We have also considered pure communism, which demands on the contrary the omnipotence of the state, and in its compulsory equality destroys liberty. Then we came to consider half-communism, which, by means of state organization on communistic principles and the abolition of the right of inheritance, would secure labour and enjoyment in due proportions. Then, what amounts almost to the same, we considered socialism (in the more limited sense of the word), which would dole out enjoyment to everybody in proportion to their talent, capital, and labour, and thus recognises individual differences, and, admitting the right of inheritance and a free choice of labour (or calling), "according to passion," will have nothing to do with competition and capitalism, without recommending any other thorough organization of labour in their place. And lastly we considered half-liberalism, which does not differ in

theory from pure liberalism, but in its practical application would make use of measures which are but fragmentary portions of "socialistic" systems. As contrasted with the several systems thus enumerated, Marlo's economic federalism marks a step in advance (and one of superior value) in economic science. The system is developed in a work unhappily left incomplete, owing to the author's death, entitled "Researches into the Organization of Labour, or System of Universal Economy." *

For several reasons, but more especially because of the uncompromising tone of the book directing its unsparing attacks against communistic, socialistic, and liberal humbug alike, its sound and solid value has not been appreciated as much as it deserves. Its chief value consists in its thorough treatment of co-operative institutions, or the societary system, as applied both to production and consumption.† Here we find a scholarly exposition of the advantages of co-operation, remarkable alike on account of its perspicuity and comprehensive grasp of the subject. There are faults and mistakes too, here and there, savouring a little after socialism, which we shall have occasion to

* "Untersuchungen über die Organisation der Arbeit, oder System der Weltoekonomie." Von Karl Marlo. Kassel, Verlag von Appel, 1857.

† By co-operative institutions those copartnerships and associations must be understood here, which have for their object the independent confederation of labourers among themselves for the production of wealth: a process in which capital and labour are united, and all employed have a common interest and share the profits. The union of several associations would be a "federation." Hence the name of the system, *federalism*, and hence the denomination of the principles on which it is founded as *federalistic*, throughout this chapter. For a full discussion, with examples of the association among labourers, the English reader may also be referred to J. S. Mill's "Principles of Political Economy," Book IV., chap. vii., § 5 *et seq.*; p. 461 of the People's Edition.

notice. But, taken as a whole, Marlo's social federalism has much to recommend it to serious attention; the arguments on which it is founded contain a vast amount of truth.

It may be interesting to show how Marlo was himself led to excogitate the system which we are now considering. Let him describe for himself his "day of Damascus." "In the year 1843 I travelled in northern Europe. Being engaged upon a technological work, I visited among others the well-known Norwegian indigo factory, at Modum, where the lovely environs so fascinated me that I prolonged my stay for several days. As one morning I was from a hill taking a view of the surrounding neighbourhood, which rivals the Alps in its mountain scenery, a German labourer, undoubtedly recognising in me a fellow-countryman, approached me with the petition to do some commission for him in the Fatherland. As I granted his request he became more communicative, and gave me a touching account of his own experience, and the life of penury to which both he and his fellow-labourers were condemned. What is the cause of this, I asked myself, that the paradise spread before me conceals so much hidden misery? Is nature, or man, their real author? Like many other students of nature I had always given my attention in the workshops of industry to the machinery rather than the human beings, to the products of human industry rather than the producers themselves. I remained therefore entirely ignorant of the vast amount of misery which lies at the foundation of our varnished civilization. The convincing words of this labourer made me feel the comparative uselessness of my scientific investigations, and I arrived shortly at a determination in my own mind to investigate the sufferings of our race, their causes and their remedies. In the course

of many years I continued my researches most conscientiously, and found the extent of prevailing misery far beyond what I was first led to expect. Poverty everywhere! Among wages labourers and those who undertake work on their own account, among nations in the highest as well as those in the lowest state of industrial advancement, in the large manufacturing towns, the capitals of labour, and centres of luxury, as well as in the hovels of villagers, in the salubrious plains of Belgium and Lombardy as in the barren mountain heights of Scandinavia; everywhere I met wretchedness and poverty. I discovered, moreover, that the causes of all this are not to be found in nature, but our institutions founded on false economic principles, and from this I concluded that in the rectification of these alone lies the only hope of recovery. I began to feel convinced that in the present modes of production the eradication of poverty is impossible, that the utmost improvement in technical skill will by no means secure a diffusion of general prosperity; in short, that our civilization is in such a stage of development that further progress will entirely depend on the progress of economic science, and that the latter on this account is the most important of all sciences for the times. In the course of my investigations the doctrines of economists as well as the efforts of socialists were known to me in name only; for I avoided a closer acquaintance with them purposely in order to remain, as far as possible, entirely free from any external influences. It was only after I had arrived at my own conclusions, unaided, that I turned to the study of economic literature. From this I gathered that the results to which my own investigations had led me in all essential points, after numerous corrections (although not containing much that was original), departed entirely from the principles laid down in the existing

works on political economy. This led to a comparative examination of my own with the prevailing views of others, which only confirmed me more in my convictions. I thought now I might make the attempt of a new system of economy. This accordingly I began in the year 1847, and the first half of my works has only just appeared."

As Marlo died in 1859 without completing his book, we have in his work the result of twenty years' thought and study. His ideas on the various systems of economy, which preceded him have been noticed in the account we have given of those systems in former chapters. We now have to give a succinct account of his criticism of class differences in modern society; together with their economic bearings from a federalistic point of view. This will enable us to mention some of the more important facts in the history of modern social movements too, which could not be noticed before.

At the close of Marlo's first volume we have an excellent description of the growth of the power of middle-class society at the expense of aristocracy, and that of the moneyed classes at the expense of the landed gentry. Marlo draws a marked distinction (this is worthy of notice) between these three: the plutocracy, private persons who have a settled income, and the men of enterprise who are honest producers of wealth. The plutocracy represents that section of the mercantile world, whose speculations are both dishonest and unproductive; and Marlo insists upon their not being confounded with the honest capitalists engaged in greater or smaller productive undertakings. By mixing up those who occupy these different relative positions in society, he thinks, an unjust war is being kept up simply between the possessing and non-possessing classes, between employer and employed, between a hereditary and non-hereditary

aristocracy, to the great detriment of social reforms; whereas a never-ceasing battle ought to be waged between all those who follow an honest calling and those who belong to a scheming plutocracy.

After a pointed and correct description of our present landed and hereditary aristocracy, with its fine qualities of courage, honourable feeling, refinement, and decorum of manners, on the one hand, and its faults, as love of power, pride of rank, ambition, and contempt of labour, on the other, he makes a spirited attack on this plutocracy, whom he thus characterizes. The money nobility, at war at the same time with the aristocracy, clinging to their ancient privileges, and with the people, yearning to be saved from the evils of liberalism (*i.e.* the monopoly of capital), undisguisedly admits that its value does not lie in *personal* superiority. Its sole standard of value is *money;* despising all ideal interests in the pursuit of what is purely material, it is void of patriotism, cares nothing for higher or national education, prefers in short possessions to fame. Arts and sciences it values as means of practical utility. Sceptical with regard to moral sentiments, without an ideal of civil virtues, it judges all according to its own low standard. Its hatred against social reformers is unbounded. It calls them unruly, destructive spirits, who undermine civilization and society. Such being the case, it considers it imperative, in defence against such monsters, to "sacrifice liberty itself in order to save civilization."

It calls itself the constitutional party, but understands too well how to turn constitutional government to its own advantage, by indirectly appointing ministers and influencing the imperial legislature. Sometimes it calls itself the cream of the people, and becomes

democratical; but generally it prefers to be called the moderate party, the party of order. It thus claims authority to be heard in its own interests, as being by far the most respectable section of the community. It abhors wars, even parliamentary conflicts, still more of course direct revolution, simply because all these would more or less endanger its own possessions and future prospects. It has a most tender regard for the sacredness of property, *i.e.* its own, but at the same time vociferously demands the liberal right of acquiring wealth by appropriating the property of others. By sacredness of the family it understands the right of keeping wealth among the possessed classes by inheritance; and by the sacredness of religion it means that spiritual police which is useful in restraining those who labour for it in this world by promising a reward in the world to come. This compressed sketch of the moneyed aristocracy sufficiently points out their faults: avarice, self-love, mercilessness, cunning, impudence, inconsiderateness, and cowardice; and also their few good qualities, diligence, love of order, and economy.

As contrasted with this purely liberal plutocracy he next describes democracy. Of this he says there are three shades, *i.e.* those who accept liberal politics, and who are backed by the productive middle class; those who embrace social communism and are backed by the labouring classes; and those who follow federalistic principles, whose mission it is to unite those classes who possess the means of production with the labouring population, in order to bring about a social reform. The good qualities of the democratic party are, according to our author: readiness of self-sacrifice, philanthropy, straightforwardness, honourable feeling, perseverance, and courage. Their faults are over estimation of their own

powers, ambition, passionate zeal, party spirit, querulousness, and temerity. The chief causes of failure of the democracy he ascribes not so much to the incapacity of its leaders, and the unwillingness of the people to follow them; but rather (1) to the absence of a common rallying point, one idea of rights, and their consequent splitting up into irreconcilable fractions; (2) to the lingering influences of liberalism over the minds of the people; and (3) to the fact that the representatives of social reform cannot agree upon a common course of action.

Thus having given a characteristic view of the parties representing different classes of modern society, Marlo proceeds to give a historical view of the conflicts resulting from class antagonism in the great civilized nations of modern Europe. Of course France here occupies the first place. Our author has not much to say that has not been said before of the first revolution and the restoration; but his criticism, from a social economic point of view, on the "coalition of the ancient monopolistic interests of all Europe," during the first empire, is interesting. In the monarchy of July he sees the triumph of the plutocracy which of necessity led to all the subsequent socialistic and communistic movements, and procured a favourable hearing for their exponents from St. Simon down to Louis Blanc and the leaders of the communistic insurrection in 1839. Nine years after this the reign of Louis Philippe came to a close, and of this fall Marlo bitterly says: "when the head of Louis XVI. fell on the scaffold all the nations of Europe trembled, and the eyes of millions were filled with tears of grief. It was felt that act which made the world tremble was more than the fall of a crowned mortal, it was the fall of an idea of rights a thousand years old, it was the breaking loose of the age from the abso-

lute monopolies of the past. Again, when Buonaparte lost the crown which he had stolen, the admirers of his grandeur went into mourning. When Charles X. descended from the throne of his fathers, his fate produced a feeling like that produced by the fall of a venerable ruin. When Louis Philippe fled from a throne surreptitiously obtained, the world rejoiced at the bankruptcy of one who had been a too prosperous rogue." The factions of the provisional government in 1848 are noticed, and their respective leaders receive full recognition, and their failure owing to their disunion is deplored.

Marlo shows how political party combinations, and presently the restoration of the empire, contributed more or less to make a corrupt plutocracy all-powerful. Napoleon III., although now and then coquetting ostentatiously with the social democracy to curry favour with the people, used them only as a tool against the ruling classes, and practically discouraged those social reforms of which he had dreamt in the earlier portion of his life. Had Marlo lived long enough to witness the political struggles of France under Thiers and Marshal MacMahon and the reactionary tactics of our own times in that country, he would scarcely have indulged in any bright hopes as to its speedy social regeneration.

Specially interesting to English readers must be Marlo's critical historical sketch of modern English history, from a social federalistic point of view. In the revolution of the seventeenth century he sees the revolt of "higher monopolies against the highest monopoly," and in the English constitution of that day "a ruin of the middle ages in which the money aristocracy had made its nest." The Whigs are not pure plutocrats, but plutocrats varnished over with some tinge of ancient aristocracy, according to the English custom of disguising novelties

in ancient fashion. Marlo sees both the good and bad qualities of the English people. He predicted the triumph of radicalism which has since found its partial accomplishment. The democratical movement in England began, according to Marlo, in 1816 with the agitation of Hunt for "radical reform." The foundation of trades unions followed, 1820–30. Their real organization all over the country began about 1830, and further progress was made in an attempt at social economic reforms in the people's charter movements in 1838. But notwithstanding the alarming proportions of the chartist programme, and the revival of the movement under the auspices of O'Connor, their result was insignificant.

The liberal political faction separated from the social democrats in 1843. Marlo speaks of the social democratical efforts in England as wanting definiteness of aim and plan of execution. Twenty years of further experience do not confirm this judgment; on the contrary the organization of the working classes is more complete and imposing here than in any other country. The trades unions in dealing directly with capitalists, when disputes arise, settle the matter with independence. The legislature tries to be just to them in protecting factory labour and providing annuities for those who want to save. The trades-unions too issue their concrete proposals for reform which are far superior to mere general phrases and receive due attention.

Of late, owing to the increase of power of the political democracy, efforts are not wanting at remoulding the British constitution where it is bound up too much with powers of the landed and moneyed aristocracy. Of the six points of the people's charter some have been granted, and with regard to the rest it may be considered only a question

of time. The establishment of a national system of education, after prolonged opposition, is at last accomplished (in principle at least), and so too the first blow seems to have been struck already, against the injurious system of large landlordism, in Ireland. On the other hand the intensity of class hatred against the moneyed classes in England is on the increase. Even seven years ago crimes committed, resulting from this embittered feeling, failed to excite popular indignation; Michel Chevalier relates in the *Journal des Economistes* (Feb. 1869) that one of the leaders of labour, Broadhead, confessed during the parliamentary inquiries held respecting the criminal acts of 1867 that for 500 francs he could find assassins for his object, that he did engage them, and then by way of warding off suspicion gave utterance to moral indignation in the organs of the trades unions. But notwithstanding this confession he was nominated immediately to a post of some trust by one of the trades unions. In a similar way, in reply to the French inquiries instituted before the settlement of the commercial treaties, English employers of factory labour bore testimony to the utter disruption of a satisfactory relationship between capitalists and labourers.

Referring to the social condition of the United States, Marlo acknowledges the rapid and noble strides of progress in the national development of the great western republic. But, whilst attributing this fact to liberal institutions, he also points out that, owing partly to a superabundance of virgin soil and partly to a constant incursion of skilled labour from Europe, that point of satiety has not yet been reached which in the more densely populated countries of Europe only enables labour, according to an economic law, to gain from the soil a produce in an inverse ratio to the increase of population. After a few more generations, with an increased popula-

tion, conditions similar to those prevailing in Europe will produce the same effects in America. Already even, in the Eastern States of the Union, there exist side by side a poverty-stricken population and a money aristocracy which in want of culture, purse-pride, and avarice, equals the worst strata of European plutocracy. This view was pretty nearly correct in Marlo's time, and it has been rendered still more so by the late civil war. We only would add this consideration, that in Europe a liberal democracy such as exists in the States is impossible. With an increasing proletarian population, and a consequent decrease of the productivity of labour, and a wages standard more or less depressed accordingly, the people are not in a position to play the part of popular sovereign.

Speaking of the growth of liberal ideas in Germany and the relative position of the aristocratic and plutocratic sections of society there, Marlo has many telling remarks which do not however interest the English readers. But the words with which he closes his criticism deserve to be recorded as indicating the firm belief of the author in the final triumph of his own ideas: "with the same certainty as sunrise succeeds the dawn, the roseate light of federalism must shine forth after the dim twilight diffused now by socialism."

Let us now proceed to consider the doctrines of this system, which are contained in the second or dogmatical, and no less valuable, part of Marlo's work. And here, without dwelling on his peculiar theories on disputed points in political economy, which would have no interest for the general reader, we shall at once proceed to present the federalistic ideas of our author, which contain the essence of his teaching, and much that will assist in estimating the merits of the co-operative system from which (though new, still in its infancy) so much is ex-

pected by modern economists.* What Marlo expects from his system is a mode of production in which all engaged have an interest, as they all share in the profits, and the invidious distinctions between master and servant, between employer and employed, disappear altogether, or dwindle down into insignificance. Wages labourers would here become masters in a certain sense. They would be members of a co-operative society (not co-operative in consumption only, but in production also), amenable to constitutional laws framed by its members.

It is remarkable that at a time when the fantastic system of Fourier was held up to ridicule, and the more practical results of the co-operative experiment of

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* The historical character and general application of the principle of co-operation are thus characterized by a recent *Edinburgh Reviewer*: "The municipal spirit, to the operation of which the recovery of Europe from the extreme depression of the dark ages is mainly attributed by philosophical historians, is no other than the spirit of co-operation. The laws and rules of co-operative associations may widely vary, from the most simple orderly detail of a Flemish guild to the simple fellowship which has sprung up anew on our railway work* [*i.e.*, referring to the butty-gang], but the principle itself is simple, clear, capable of universal application. It is the very opposite principle to that of competition (?) or the operation of the supposed law of profit, a mistaken idea as to which is now setting class against class, and bids fair to set every man against his fellow. From the homes of the ant, the beaver, and the bee in the animal kingdom, to Mr. Briggs's colliers in this country, to the *Association des Maçons* in Paris, to those described by Schulze-Delitzsch in Germany, to the *Familistère de Genie*, and to the new co-operative societies in the United States, the powerful influence of this great harmonizing principle may be traced in peaceful operation?—*Edinburgh Review*, No. 282, October No., 1873. Compare also a short critique on Schäffle's work, on which the present volume is founded, in the January number of the *North British Review* for 1870, which gave the first impulse to write the treatise now before the reader.

Schulze-Delitzsch had not as yet been attained, and even the English co-operative movement with its successes from the beginning were apparently unknown to him, Marlo about the year 1850 evolved the ideas of the association or co-operative system. This he thought was destined ultimately to extend over the whole domain of industry, a system at once more practical and founded on a better scientific basis than the communistic societism of Fourier. Pointing out in a remarkable though not quite exhaustive manner both the advantages and disadvantages of particular and collective forms of industry respectively, he enumerates the following advantages on the side of co-operation.

(1) The enjoyments derivable from this mode of carrying on business will be greater and more evenly divided; the utter dependence of the masses would cease; members belonging to the co-operative association would be master and servant at the same time, obedient to the laws framed by themselves.

(2) Enjoyments accruing from the rights of property (by means of the collective property of the association) would be heightened, and more justly distributed.

(3) The profit on labour, "*Arbeitsrente*," would be properly divided, as all have a share in the profits of the undertaking.

(4) The supervision of labour will become least expensive, as all are controlled by a consciousness of having an interest in the profits, and the eyes of others inspired with the same feeling are constantly upon them.

(5) The chief cause of abnormal extension of any branch of industry is removed, and with it the inclination for mutual destructive warfare in industry, because the rise and fall in the profits of particular branches take place in the same or at least similar proportions.

(6) The normal extension of business will be facilitated, as no one need, for the sake of keeping up his personal independence, remain a small tradesman; and as he has no interest in expanding the business if it should turn out less remunerative, he need not, in order to raise his profits, resort to depressing the wages of those in his employ.

(7 and 8) Laziness, and waste of working material, which are owing chiefly to the present separation of interests, would be avoided.

(9) The use of machinery, and the utilization of other modern technical appliances in the progress of industry, would no longer injure labour by creating supernumerary hands. For all labourers would profit by a heightened production, the hands set free would be otherwise profitably engaged, and the competing associations to which they severally belong would have the means in their collective property to make the necessary purchases of improved aids of labour.

(10) The evil results arising from vacillating influences in the course of industry would be equally distributed, and therefore less acutely felt by all.

(11) The choice of that calling for which every individual is personally most adapted is made free. For every able person may here receive occupation which suits his peculiar capacities, or may leave any particular branch of industry by selling or exchanging his share, whereas now the owner of many a private business becomes often a slave to it, simply because he finds it practically impossible to let it pass out of the family.

(12) The highest possible value of enjoyment on the part of the producer,* "*productorische Genusswerth*," in

* This is an idea borrowed from Fourier as to the pleasure enjoyed from labour we like. Of course, where all may follow

his work may be procured, because of the facilities given to change of occupation and the improved attractiveness of the instruments of labour. This, according to Huber's reports, has been effected in English co-operative societies.

(13) There would be less cause and less opportunity for concealing technical improvements, and a more rapid diffusion of industrial progress would thus be obtained (*i.e.* because of the absence of jealous competition).

(14) The preservation and multiplication of capital would be facilitated, since the association would make saving compulsory, and prevent by the creation of collective capital the frittering away of private incomes.

(15) Care and worry to which individuals now are exposed, in carrying on private business, would be diminished.

(16) Just and uniform distribution of income would be effected, as the rise of ground-rent, and the additional proceeds resulting from industrial improvements, would contribute towards the general well-being of every member of the association.

(17) The disputes between, and dishonesties as practised towards, employers by employed fall away.

(18) The harshness arising out of the present competition system would be softened down, and ruinous unproductive competition would lose its principal sting where all the profits are equitably divided.*

(20) The giving of credit to persons would be facilitated, because of the solidarity of many on the one hand and the greater publicity of all transactions of the associations.

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their own predilections in the choice of calling, a great amount of real enjoyment in the act of production may thus be taken for granted.

(21) The advantages of direct and indirect possession of property may be as far as possible united, since all labourers may have a share in the instruments of production, and are at liberty to dispose of them at any time.

(22) The whole industrial process would thus bear a milder and more gentle aspect than it has done hitherto.*

Such are the advantages ascribed to federalistic modes of production. Nor does our author omit to point out the possible abuses which may grow up in such a system, viz., the danger of disagreements, and a factious spirit which might spring up in such a self-governing democracy, the temptation to indolence to which the superintending members of the association would be exposed, the limited capacities of the latter in method, the peril of electing persons to leading posts from other motives than those of their business qualification, the difficulties of attempting industrial experiments which imply risk, the danger of embezzlement and favouritism on the part of officials towards individual members, and lastly the unpalatableness of constitutional obedience, which must be peremptory on all members. At the same time, he points out how these drawbacks are balanced by opposite advantages, and what measures may be taken to obviate them. Our author puts to himself the general question: "How is it possible in the social system to establish harmony between independence and subordination?" After an analysis of several modes of civil government, he draws a parallel between the constitutional union of ruling and yielding obedience in a free state, and the franchise possessed by every member, who at the same time is subjected to the

* Compare here Dr. Schäffle's "Gesellschaftlische System," 3rd edition, 1873, Vol. II., p. 72, *et seq.*, which gives a compressed analysis of the advantages and disadvantages of the federal system.

rules of the co-operative association. This he considers far more consistent with liberty than the government of a few over the many, as in the present organization of industry, with its many vicissitudes, and alternations between independence and servitude.

Having thus far stated the opinions of the great federalist, we now proceed to point out some of his omissions and erroneous conceptions, which, notwithstanding our high regard for the author, must not be overlooked. First then, some advantages of the co-operative association have not been noticed by him, viz., its suitableness for the manufacture of all commodities which have to pass through various processes and a multiplicity of hands, its advantage in educating the working man for industrial independence, its affording guarantees against fluctuations of trade on account of the tardy expansion of the capital resources peculiar to a slowly moving association, and its discouraging for the same reason rash speculation and vague experiment; the association, unlike individual speculators, is thus safe against the danger of rushing headlong from one enterprise into another. It also puts a natural limitation to credit, and has safeguards against undue expansion of any particular branch-association, since co-operative modes of industry imply a mutual understanding and control of the parties, and demand employment for all the labour power of the society. All these are matters of great moment, in comparing the relative values of the co-operative and competition systems, and point out the superiority of the former over the latter in affording greater security against abuse, dishonesty, irregularity, and fatal contingencies.

In a similar way Marlo has overlooked the great advantage of the co-operative association in encouraging industry in the household. Much work is at present done

in factories because of the necessary supervision. This might be done in the house, as the dangers of peculation and the uncertainties now accompanying piece work would cease to exist in the co-operative system. But industry carried on in the household implies utilization of much labour power now lost. It would improve and strengthen the character of the family, act well from a sanitary point of view, and add to the enjoyment of work and the usufruct of labour.

Then again, Marlo has omitted to point out the use and importance of private business, industrial partnership, and commercial companies, to be carried on by the side of the association. There is room for all of them, under certain conditions, notwithstanding the general adoption of the co-operative system. Then again, our author commits a grave error, which points to a socialistic tendency, in demanding the compulsory introduction of co-operative agricultural labour by the state. All the state can do, by way of encouraging co-operation, is to assist the efforts of individuals in making trials, such as Mr. Gurdon's,* to introduce the co-operative system by degrees, and to educate the people for it.† But a general

* See a full account of Mr. Gurdon's co-operative farms and their success, in Mr. H. Fawcett's "Manual of Political Economy," p. 256, third edition. Since the above was written, Earl Spencer too has agreed to a similar arrangement with some of his farm-labourers.

† With regard to the commons, the following deserves attention: "The public may also derive another advantage of the greatest consequence from the land still remaining unenclosed; for such land may some day facilitate the carrying out of *various experiments in rural economy, such, for instance, as the application to agriculture of the principle of associated labour.*"—"Essays and Lectures, Political and Social," by Henry and Millicent G. Fawcett, Lecture VII., Postscript, p. 182.

expropriation of the land, for the sake of establishing the association system in agriculture all over the country, would, supposing it even possible, be a grave mistake. Nor is there any cause for such wild revolutionary measures, so long as noble efforts are being made voluntarily in this direction by large landed proprietors in England (*e.g.* the present Speaker of the House of Commons), which have for their object to draw the agricultural labour into a joint-use of the land; and similar efforts are being made by some of the most prominent members of the aristocracy in Germany and Austria.

We have seen the low estimation in which our author holds the plutocracy, whose monetary transactions and speculations he calls *lucrative* labour as distinguished from *productive* labour. But he regards with equal hostility those who are engaged in any mercantile pursuits, altogether underrates the value of productive commerce, which is the spring of honest capitalism, and demands that instead of private speculation all commerce shall be carried on by public authority. This we have repeatedly pointed out would be wrong altogether in principle, from an economic point of view, and apt to lead to the most disastrous results. Keenly alive, like most social reformers, to the evils arising from an extensive commercial system, in which the dishonest gains of the speculator and the degradation of the masses of the working population are assuming alarming proportions, he thought of escaping this danger by relegating the direction of internal commerce, the limitation of credit, and the banking system generally, to government institutions.

In fact, in his desire to remove by one blow the fearful abuses of the capitalistic system, and in his eagerness to bring about a "thorough reformation," Marlo seems to forget that all reforms of this nature must be of slow growth,

and that a historical transition state from one mode of carrying on the social process to another is unavoidable. The industrial partnerships in the *tantième* and similar systems, where the labourers share with the employer the profits, the working of insurance associations, friendly societies, and the voluntary club system, all of which educate the working man for that independent position he may hold hereafter in the federal or co-operative association—all these serve to bridge over the hiatus between the old state of things and the new. The moral transformation of the people and their consequent emancipation from the present tutelage of, and their subjection to, capital, demand time and sedulous teaching. The spirit of independence, rising from habits of self-control and voluntary self-denial, must have first permeated the masses before they are fit to group themselves into such co-operative associations, and maintain an independent position, whether in the proposed confederation of equals, or in the social or political world. For a people who have been thus far educated, the association may become a higher school, where all may not merely acquire a sturdy independence, but where all may learn to enjoy that manly freedom which readily obeys the laws of a society founded on liberty.

A country containing such a population, knit together by mutual interests and like aspirations, may gradually slacken the reins of central power, and leave much to local self-government. Thus, economic federalism, which implies the power of self-government, may pave the way to a political federalism of different nations, a discontinuance of military despotism and international wars, whether carried on by the tariff or the sword. For those nations, where all the citizens enjoy equal rights and possess similar means of self-development, will learn, in their

anxiety to unite all the productive powers of the world into one, that civilization and humanity stand above nationality. And thus, from an economic and political point of view, the cause of humanity gains from true federalism, for the federation of mankind will put to silence the sneer of Voltaire that "the love of country consists in wishing ill to other people."

In conclusion, we shall endeavour to point out the true position of federalism relatively to the ancient systems of monopolies and the more modern systems of liberalism and communism. The difference between heathenish and Christian principles of economy is thus stated by Marlo: "The heathenish principle grants to the few enjoyment at the expense of the many; Christian principle demands a moral regard for those natural conditions which ensure general prosperity, with a view to effect the highest possible happiness for all in due proportion." The social order of our forefathers resulted from a partial following of the heathenish principle of exclusiveness and oppression (monopoly), and a partial following of the Christian principle of societary combinations and reciprocal duties. Federal society rejects the heathenish principle, and is founded on Christian principle solely. It utilizes all the civilized institutions of the middle ages, and retains what is best in them, whilst it rejects the rest. The trade corporations, the parish organization, the mercantile company, and the family, all retain their place and have their own rights, grouping themselves into associations of greater or lesser magnitude, with their respective subdivisions, in which the interests of all the members are consonant with the interests of the association, and that with the interests of society at large. Hence, in countries where the fixed monopolies of antiquity have been gradually superseded by the changing monopolies of the liberal

(capitalistic) world in its own way of acquiring property, we meet with opposition to the principles of federalism.

There are points of contact, indeed, between liberalism and federalism, such as the free choice of calling, competition, and the rights of inheritance. The chief differences between them are: that in federalism there is room left for the corporative constitutions, the formation of various spheres for the production of wealth, the guarantee of labour, the removal of unproductive modes of creating wealth, the expansion of public authority in social transactions, the increase of public and private property, the admittance of the societary form of business, insurance against risk and the vicissitudes of life, and preventive legislation to counteract the dangers of over population. In a society founded on federalistic principles, the freedom of choice of any calling or profession is greater than at present under liberal institutions, because both the instruments and the capital necessary for productive operations are granted. Competition too has here a wider field, because of the multiplication of new spheres of productive and competing industrial bodies.

Many belonging to the liberal or half-liberal school will probably denounce federalism as a socialistic chimera, and represent it as too much of a police institution, in open antagonism with their principles, founded on their much-praised liberty in the abstract. Others may consider that though in principle federalism may be true enough, there are insurmountable difficulties in the way of its being practically adopted.

Communism regards federalistic institutions with scarcely more favour. There are here too points of contact, as for example the general participation in the use of natural resources, the association of labour, and the public direction of social commerce. The points wherein

the two systems differ are: the diversity in the condition of life of individuals, the maintaining of the private family and private property, with the right of inheritance which is connected with it, the non-exclusion of competition, the scale of wages in proportion to work rendered, and the regulation of population by authority, which are all peculiar to federalism. But the final results arrived at, according to the principles of the latter, would, in many cases, be similar to those which communists expect from their system. The condition of life of all would become very much assimilated, partly in consequence of the removal of poverty, partly by a more equal distribution of enjoyment. Thus, nearly everything which makes unequality now so hateful would, in great measure, be removed. Competition, no longer trying to overreach opponents, would rather seek to increase general prosperity. The destructive influence of capital would cease when all sources of lucrative misappropriation are cut off. The social independence of individuals is secured by their forming themselves into an association. The union of all members of society, as far as this is compatible with their integral independence, is effected by their incorporation with various associations which have for their object the combination of various interests. But all this will not reconcile the communists. They will say federalism is so far impotent as it does not dare to vindicate the principle of absolute fraternity, and thus they will call it a half-measure, trying to reconcile ideas which are essentially contradictory.

Occupying these different relative positions, liberalism, communism, and federalism follow with different interests and expectations the course of history. The liberals, having thus far succeeded in combating monopolies, hope

to conquer in the end over all opposition, and to gain the triumph over socialism and other rival systems. Communists, on the other hand, thoroughly understanding the nature of liberalism, consider these victories over monopolies of little value, as their destruction only paves the way to other monopolies equally obnoxious. They recognise the services rendered by liberalism in introducing democratical forms of government and heightening production. But they remain unsatisfied with the social order under this system. They remain firm, notwithstanding past reverses, in opposing monopolism and liberalism alike, and are confident of final success. And when we consider that monopolies are now well-nigh dead, that liberalism bears in its bosom the germs of decay, and when we observe at the same time how with the increased impoverishment of the working classes the ranks of communism are being fast recruited, we almost have reason to believe that there exists sufficient cause for such expectations on the part of communism.

Federalists, seeing that liberals are thus pressed hard by their opponents, and year by year losing influence (all the more so by allying themselves with those who cling to monopolies), feel that sooner or later communism must overthrow them, although its triumph can be but of very short duration. Federalism regards these two as inimical brothers, fighting for the mastery which neither of them is able to retain when won. The result of the battle may be either a transition from a semi-liberal to a federal order of society, brought about by the opponents of social reform, who, afraid of the ogre communism, would rather accept such a compromise, and so avert the storm; or the victorious communism, unable to build up after it has destroyed,

will leave the fragments of society as the material out of which federalism may build up a new social edifice.

Although the peaceful way to reform is far the most wholesome for all parties, and the destruction of existing society by violent measures would hold out the prospect of a terrible effusion of blood and tears, yet federalists doubt whether their endeavours for a peaceful reformation of society will be successful.* The obstinacy and blindness of the upper classes make them deaf against the voice of reason. They will have to sacrifice real interests to imaginary ones in the end, and in their defence of abuses in the acquisition of wealth they are likely to lose what is thus got with every other kind of property. But their despoilers will fare no better; they will find themselves kicking against the pricks in trying to establish an order of society contrary to the laws of nature. And in their failure federalists see the earnest of their own ultimate success; whichever way the die falls, the final issue of the universal movement must remain the same. The history of revolution is the history of the subversion of monopolism by the power of liberalism

* Dr. Schäffle, in the recently published third edition of his "Gesellschaftliche System" (Social System), a work of the highest order on the science of political economy, points out that an important moral and intellectual elevation of the working classes must be secured before the association system can be generally introduced. He admits that of necessity its growth must be slow, and also that, as it increases in importance, and the independence and self-respect of the labouring population with it, many of the well-disposed employers of labour will meet it half way, and adopt a co-partnership with their working men, as some have done already and with considerable success, and so pave the way for its general acceptation.

and communism; it is the history also of the internecine warfare between the two latter, and its end is the victory of federalism.*

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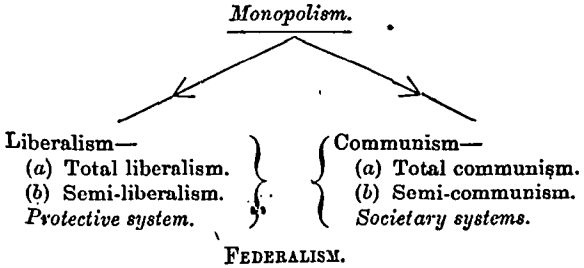
* Federalistic scheme for the modern universal development.



CHAPTER VI.

The Leaders of the most recent Socialistic Agitation.—Karl Marx.—His Opinions.—General Remarks.—British Legislation in the Interests of Factory Labour.—Modes of Expropriation which the Employers of Labour are said to be Guilty of toward their Dependents.—Surplus Value of Labour appropriated by the Capitalists, both absolutely and relatively.—Normal Day of Labour.—Dangerous Tendencies of Capital in influencing the Physical and Moral Well-being of the People.—The English Proletarian Class.—Lassalle as an Agitator.—His Critical Writings and Positive Proposals considered.—Proudhon, Engels.

KARL MARX is a name which has become of late familiar with English readers in connection with the manifestoes of the International Society. But his works are, as a rule, little read, notwithstanding their special bearing on the social question in England and the masterly exposition of British legislation for the protection of the working people engaged in factory labour which they contain. Having lived as an exile for many years in England, he has made himself thoroughly acquainted with the condition of the labouring classes, and has closely followed various labour movements. He is also well versed in English works on political economy, and has given much attention to parliamentary reports, and those of commissions appointed to inquire into the condition of the working classes. In the first volume of his important work, entitled "Capital, Criticism on Political Economy," he treats on the process of production as carried on by capital.* Here we find abundant material

* By capital he means private capital of the employers of labour.

for social reformers and the general reader who takes any interest in, and wants to understand the real meaning of, the most recent socialistic movements.

Marx is a Hegelian in his philosophy, and a rather bitter opponent of the ministers of religion. But in forming an opinion on his writings we must not allow ourselves to be prejudiced against the man, whose peculiar position and experience soured his temper and warped his judgment. This in no small degree added to the sting of his severe criticism on capitalism and its apologists, so as to make him appear frequently one-sided in his own views and unfair towards those of others. His work, written in German, forms a connecting link between English and German socialism, and has had no little influence on German socialistic literature, and especially on Ferdinand Lassalle.

The whole of this book has apparently for its main object to prove that in the capitalistic process of production the value-in-exchange of labour, regarded as a commodity, is reduced to the lowest possible necessary cost of production, and that by this almost solely the capitalist becomes enriched and adds to his enjoyment. This Marx thinks is only the old story, and he quotes a writer, John Bellers, who so far back as 1696 says, "The labour of the poor represents the gold mines of the rich." Thus he considers that the creation of private fortunes is entirely brought about at the expense of wages labour. He maintains that wages do not represent the value of work rendered for which they are presumably the reward, but that they are only equal in value to the bare necessities required for the support of the labourer. In order to this, some of the necessaries of life such as bread, fuel, etc. = (A), must be renewed daily, another part = (B) weekly,

and a third = (C) monthly, in given quantities. Thus Marx puts the following formula to express what daily wages, *i.e.* necessary wages $= \frac{365\ A + 52\ B + 12\ C}{365}$.

Now, he says, although six hours' work daily might suffice to produce a value equal to this, still the labourer must work for his employer twelve or sixteen hours, in order to receive a remuneration tantamount to it. Since labour power must seek for employment, and in the struggle for existence must accept the lowest possible remuneration, the working man instead of receiving the full amount of the produce of his labour only gets the amount equal to the cost of keeping up his labour power, and in the overplus obtained (*i.e.* the difference between these two values) consists the "*Plusmacherei des Kapitals*," the overplus gained by capital. We shall have occasion to point out in the sequel those misconceptions which underlie this sort of *negative* criticism. But whatever be the fault in Marx's theories, there is much in his writings, especially where he stands up as the defender of factory legislation, which demands the attention of all those who wish to avert a social revolution by timely social reforms.

Marx distinguishes two kinds of enterprising capital, the *constant* and the *variable*, which correspond with what we have called *fixed* and *circulating* capital. Raw material and instruments of labour are understood by the former, and the funds out of which wages are paid constitute the latter. Variable capital, he thinks, is the instrument whereby the capitalist is enabled to absorb the profits arising from insufficient remuneration of labour. If m = more, or surplus labour unrewarded, and v = variable capital, then m will be to v what overplus labour is to necessary labour. Hence, the rate of surplus value $(\frac{m}{v})$ is the exact expression for the amount fraudulently

obtained by capital from labour, or by the capitalist from the working man. As to constant capital, our author considers that it does not contribute towards any increase of value in the process of production, but transplants its value simply, and with no addition, into the transformed product.

Now both these assertions are arbitrary. When Marx, by way of explanation, asserts that in the creation of surplus value in the manufacture of chemical products we need not take into account the constant capital of retorts used in the process he is mistaken. The highest degree of production depends on the joint-effect of constant capital with labour. If constant capital, such as machinery, raw stuffs, etc., can produce nothing without labour, no more can labour itself produce effectively without the best raw material and the aid of machinery at its disposal. And he (be he capitalist, or labourer belonging to a co-operative association) who provides the machinery, at his expense, deserves compensation for its use.

We do not now discuss whether the premium obtained by the capitalist is always just and equitable; no doubt, profits are frequently out of all proportion. We only point out an error in the views of Marx on the formation of property. The chief cause for the depression of wages, or fall in the value of labour power, is over population. Moreover, even taking for argument's sake only variable capital into account, it will be seen that the (profit or) overplus value obtained is not necessarily nor altogether the revenue arising from curtailment of the labourer's wages. The enterprising capitalist assists as much as the labourer in the overplus value created by a wise division of labour, and by incurring a certain amount of risk in entering upon any given undertaking.

If he invests his capital in unprofitable speculations, and produces, with the help of prepaid labour, useless commodities for which there is not sufficient demand, there will be, instead of overplus value, a diminishing of value, and instead of profit there will be loss. In such a case, instead of capital absorbing so much labour power, valueless labour on the contrary eats up so much capital. This case has been altogether overlooked by Marx. The fact is that not under any circumstances is the "rate of overplus value" the *exact* expression of the "amount of defrauded labour." Of course, if we could agree with Marx (p. 182) that the amount of capital whether constant or varying is "equal to nought," the reverse of this would be true. But to maintain this as an argument for proving that capital is unfruitful is merely begging the question.

Having thus been guarded against an assumption of the general principle laid down by our author, we may proceed to enter on his instructive description of various forms of fraud, to which the labourer is exposed in his dependence on the capitalist. It is here that Marx lays bare many of the dark sides of capitalism, which deserve our earnest consideration. The profit so obtained, according to Marx, is either absolute or relative.* Absolute surplus value depends partly on the number

* Marx thus illustrates what he means by the absolute and relative surplus value of work obtained by the employer. Let the real working day be represented by a line *a*——*b*——*c*; let it be divided so that the line *a*——*b* represents necessary time of labour (*i.e.*, necessary for the support of life), and the line *b*——*c* represent overplus labour. Then the absolute amount of overplus value obtained will be represented by producing the line *b*——*c*; the relative amount of overplus value would be increased by diminishing the line *a*—*b*. Now Marx wants a normal day of labour, *i.e.* he wants the part *b*——*c* which represents surplus labour reduced towards the most necessary labour *a*——*b*.

of labourers employed, partly on the amount of profit on a day's labour of every one of them individually. The first of these leads to industrial enterprise on a large scale, the latter has a tendency chiefly to prolong the hours of labour for each day.

That such is the case Marx illustrates abundantly from the official returns of factory inspectors and others. He refers to Leonard Horner, one of the most able of these inspectors, to show how in "small thefts" of time at the beginning or end of the day's work, or by abrogating part of the hours of relief, nearly twenty-seven whole days annually are lost to the labourer, thus adding to the profits of the employer. By means of "nibbling and cribbling at meal times" too, advantage is taken by the employer, so that "moments are the elements of profit." A respectable factory owner remarked: "If you allow me to work ten minutes overtime daily, you will put £1000 annually into my pocket."

Overworking children used to be one of the crying evils of factory labour, before the restrictions placed on the employer by acts of parliament. A labourer in a tapestry factory, in giving evidence at a parliamentary inquiry, stated: "I used to carry my boy to and from the factory when he was seven, and he worked for sixteen hours daily. I often knelt down to feed him as he stood by the machine, for he was not allowed to quit it." Startling and revolting accounts were given of the mischievous destruction of human life, of the young and old, by overwork and nightwork. Respectable employers themselves, who suffered most from the unscrupulous filching propensities of their competitors, demanded protection from the legislature for themselves and the unhappy victims of inhuman cupidity. (See Children's Employment Commission, Report I., 1863, p. 322.)

The fixing of a normal day of labour, *i.e.* regulation of the hours of labour by the state, as the result of a conflict of four centuries between capital and labour, is a subject to which Marx devotes a great deal of attention. He shows how the number of hours of labour for male adults, fixed by authority in the seventeenth century, in order to prolong the normal day of labour, is just equal to the number of hours per day to which children's work has been reduced by the same authority in our own century. Thus the limit put by the State of Massachusetts on the number of hours during which children under twelve years may be employed equals exactly the normal day of labour of a healthy journeyman, robust agricultural labourer, or blacksmith, in England towards the middle of the seventeenth century. The fact that capital found it difficult at that time to get "hands," when four days' wages sufficed to keep them for a week, led many economists of the day to recommend a prolongation of the normal labour day enforced by law, so as to prevent laziness and demoralization. Others, like Postlethwaite, were of a different opinion.

But the struggle continued more or less in favour of a normal day of labour extended to its maximum limit, and even beyond it, until twelve hours came to be considered at last as the natural time for a day's labour. Then towards the latter part of the eighteenth century the commencement of the unprecedented growth of industry caused a sudden and violent revulsion. The masses were impelled to embrace eagerly every opportunity of employment, and to gain in the increase of production. This powerful movement, like an avalanche, swept away "every restraint of nature and morality, the proper distinction between the sexes, and even between day and night. In 1860 an English judge found it necessary to have

recourse to an almost talmudic subtilty to pronounce legally what was meant by day and night."

As soon however as the labouring classes recovered from the stupor into which the loud clamour for production had thrown them, they began to resist being overworked, in the very country which had given birth to the extension of industry, *i.e.* in England. Concessions were extorted from the employers of labour, and five acts were passed by parliament in favour of the labourers, from 1802 to 1833, but were of no avail for thirty years, in the absence of proper authority to enforce them. And thus, until the act of 1833 was passed, children and young persons "were worked the whole night and the whole day *ad libitum*." (See Report of Inspectors of Factories, 30th April, 1860, p. 51.) This act only prohibited the work of young persons (*i.e.* from thirteen to eighteen) from exceeding twelve hours per day, and that of others fifteen hours. Even this legislative measure was nullified by inhuman employers, who succeeded in circumventing the law by a complicated system of relieving or shifting of hands, moving about the labourers in the factory so as to puzzle the inspectors and elude prosecution. At last, with the agitation of the Chartists, and the repeal of the corn laws, came in what is known as the ten hours' movement. After a preliminary act for the protection of women and young persons was passed, the punctilious minutiæ of which show the difficulty of the law in coping with the slippery manipulation of the employers of labour, the ten hours' labour day was fixed by parliament, which came into operation in 1848, notwithstanding the opposition of the free-trade advocates, Cobden and Bright.

A powerful reaction followed upon this, during which the employers dismissed many of their hands, and with more

or less success tried to escape the consequences of this act of parliament. Loud complaints against this and the tardy and uncertain enforcement of the law in some places were heard from the operatives; at their meetings held in Lancashire and Yorkshire the act was called a mere humbug and a parliamentary fiction, and after some struggles in the courts of law a compromise was come to, which was ratified in another act of parliament in 1850, and that again was supplemented in 1853, just half a century after the first legislative act on the same subject. This shows how hard the struggle was before the employers could be brought to reason, and to listen to the dictates of humanity.

The important legislative measures of 1867, known under the name of Factory Acts Extension Act, and an Act for Regulating Workshops, were passed also in favour of the labouring classes, such being the imperative necessity of state interference in order to prevent the utter degradation of the labourer, and to protect the honest employer against unprincipled competitors who owed their success to brutal sacrifice of human life.

Such have been the struggles continued with varied success by the two contending parties, and such has been the success of the labouring classes in obtaining favourable concessions and legislation of an exceptional kind from the British parliament.

Having given this historical sketch from Karl Marx, and not unmindful of demands made since to induce the legislature to reduce the normal hours of labour to nine or even eight per day, we may be permitted to state our own opinion on this subject. The fixing of the normal day by law has had upon the whole a favourable effect; and if the selection of inspectors is always made wisely, so as to ensure impartiality and the supremacy of the law, much

benefit may be expected from it, especially if the same law is to obtain generally, over the whole country and every branch of industry, though excluding agriculture and admitting such exceptions as the urgent nature of individual cases may demand. Of course all objection to the normal day fixed by law would disappear if all countries did the same, for then the industry of any one country would not suffer by its competition with others. Where the nature of the occupation is such as to cause special strain on human strength, and so to endanger human life, a further reduction of the limit of daily labour may be advisable. But in order that the law may not become a dead letter, and the benefits intended to be conferred by this act of legislature may become a reality, the working classes must be trained to such a point as to be able to give effect to the law by their own representatives, and an independent organization. These, like the representatives of capital and landed property in their chambers of commerce and boards of agriculture, must jealously guard the working classes against any direct or indirect infringement of the privileges conferred upon them by the act.

Nor can it be asserted that fixing a normal day of labour is an interference with individual liberty. The liberty of individual working men, unrestricted by law, may easily become an injury to the whole class; for all would suffer by an over supply of labour. If a million of labourers were suddenly to offer work at fifteen hours per day instead of ten, they would throw fifteen millions of labour hours instead of ten millions into the market, and would induce capital to proceed to less productive investments, which again would lead by natural consequence to a general diminution of wages. But let there be no illusions; whatever may be the benefits of a fixed

normal day, it cannot give bread to labourers who owe their impoverishment to over population.

Wages affording a moderate competency to the labourers depend on the preservation of a just equilibrium between population and a steady increase of the means of subsistence. Nor would a sudden or excessive reduction in the hours of labour lead to any but disastrous results; it would occasion a sacrifice of one portion of the labouring classes for the benefit of the others: to use Marlo's illustration, one portion of the shipwrecked wretches would be thrown overboard to save the rest; for those less productive undertakings which up to this gave employment, when ten hours' labour per day was lawful, would have to be discontinued altogether if labour time were reduced to eight hours per day, as they would not pay; and thus a number of labourers would be thrown out of work and glut the labour market, and so cause a depression of wages even in the more productive undertakings. And this could, in over populated countries, only be prevented by emigration or colonization. On the other hand, there is no reason why shortened hours may not produce greater intensity of labour during the time appointed; in fact, it has been shown by examples in Mr. Brassey's recently published book on labour and capital that the employer may gain rather than lose by shortening the hours of labour. But there is the danger too of extra work being done by those who work less hours in the day, and so bringing down the price for labour generally. This is to be guarded against; otherwise the labouring world may lose in wasting its time on unproductive extra undertakings, whilst withdrawing its support from that which is chief in importance.

In order then that the fixing of the normal day of

labour may not prove an illusory measure, there must be an absence of over population; and there must be a conduct on the part of the labouring classes founded on distinct recognition of economic principles. Also much circumspection will be required with regard to the time when to introduce a shortening in the normal labour-hours. It must be remembered too that of itself the normal day cannot solve the problem how to raise wages above the standard which would only procure bare necessities; it can only prevent wholesale plunder in human competition, and the employment of capital in an unproductive manner, favouring a growth of the proletarian population.

Thus, whilst expecting but very moderate results from this measure, and not denying that there are recognised drawbacks, we cannot help wondering why political economists should mainly consider capital when treating on this subject, and forget the interests of the country in saving human life. For, after all, man is more important than money; and, moreover, human health and strength is a very important item in the production of wealth. And if there are obstacles in the way of strictly adhering to the law, in nine cases out of ten it has been found that these obstacles can be overcome by firmness. Thus experience in England has shown how the introduction of improved machinery and other appliances has obviated difficulties, so that production has not suffered by it. Mirabeau's words have their application here: "*Impossible! ne me nommez jamais cet imbécile de mot!*" Legal restrictions have removed many of those natural hindrances which were said to be insurmountable by those opposed to legislation on the subject.

Having thus considered absolute overplus value of labour, Marx next considers what he calls relative surplus

value of labour, which is appropriated by the employer to the great detriment of the labouring classes.* Supposing the labour hours for every day to be fixed, the profit of the capitalist may be increased either by depression of wages below the amount necessary to maintain life; or by procuring cheaper means of support, and hence a lower rate of wages; or by heightening the productivity of labour within the given hours by improvements in the technical appliances, or by the reduction of taxation on articles of consumption.

As to the first of these cases, Marx shows, as a partisan, a scientific self-restraint which deserves commendation, in passing it over altogether, although for a long time, and in many ways, it is possible thus to underpay the workingman. The other two cases are treated of at length by Marx, not without considerable onesidedness and misleading omissions. Thus he omits to mention that, in economically bringing about a reduction in the price paid for the necessaries of life, the capitalist confers a great benefit on society, and deserves a premium on his capital employed for that purpose. And when he says that by reason of competition the cheapness of commodities is a benefit only to the general public, he seems, at least in this first volume of his work, the only one which has as yet appeared, to forget the fact that the public includes the labouring people. Thus, production at a reduced cost-

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* This again is illustrated as follows. Suppose the line *a*——*b*——*c* is the constant day of labour; in that case let *a*——*b* represent the length of time of labour requisite to earn the necessaries of life. Then any increase in the line *b*——*c*, which is the amount over and above the necessary labour time, *towards a*, will diminish *a*——*b*, *i.e.* depress wages, and give relatively more profit to the employer.

price makes the overplus value of commodities so produced the common property of all.

There are, however, some discriminating remarks in treating on this subject, especially on combined labour as carried on in large manufactures, or the employment of machinery and the appliances of modern industry, as means of appropriating relative overplus value on the part of the employer. From this it appears that many of those topics of political economy which were supposed to be settled matters leave a great deal yet to be said about them. He shows how by the introduction of manufacture on a large scale, which superseded small trades, not only a larger number of persons became engaged in the same undertaking than before, but also that by this great change their position was altered altogether, and the relationship between employer and employed was revolutionized entirely. The capitalist has been vested with despotic authority, which will not allow itself to be controlled by any social influences.

The influence of capital in the organization of labour, and the entire dependence of the actual producers on this inexorable leadership, is pointed out. The foremen, overlookers, etc., etc., are only so many non-commissioned officers under the generalship of the capitalist. Capital brings the members of co-operating industrials together, and keeps them united, and appoints their functions individually. The capitalist is not a capitalist because he is the conductor of industrial enterprise, but he becomes the conductor of industrial enterprise because he is a capitalist. The commandership-in-chief becomes an attribute of capital just as the commanding post in war, and the office of judge in times of peace, were attached, as a matter of course, to landed proprietorship in feudal times. "Given certain conditions

under which the labourer finds himself, and the productivity of society will be developed without expense. Capital does place the labourer into these given conditions. Hence, since his productiveness costs nothing to the capitalist, and since the working man does not develop it until his labour becomes the property of the capitalist, productivity appears to be the natural property of capital, its inherent quality" (*seine immanente Productivkraft*).

These ideas of Marx are by no means remarkable for novelty, but the manner of their development is original. Moreover, they are founded on a sound knowledge of facts, and the result of careful observation. He goes on to show how a despotic capitalism may draw unfair advantages, both where the manufacture is done by the hand and also where machinery is resorted to. In the former, he points out how the division of labour, as adopted now, separates mental from manual labour, tends to deterioration in the quality, and injures the independent position of the labourer. He is there pinned down to his own particular part in the mechanism of the whole process of production; he forms a part of it himself. Hence, to repeat the words of Ferguson: "we are whole nations of helots, and there are no free men among us." "Manufacture may be regarded as a machine which is composed of men." Hence too, concludes Marx, since the mind which directs (*i.e.* the capitalist's), and the arm which blindly carries out the work (*i.e.* the labourer's), are separated and antagonistic, the result is that "the productive power of labour in society becomes the productive power in the interests of the capitalist" (*i.e.* the private speculator).

In the case of industry carried on with the help of machinery, which in a great number of cases becomes

a simple substitute for manual labour, the danger exists of dispensing altogether with muscular strength, and employing the labour of the weak, the immature, and those of tender age, *i.e.* women and children. By these the price of wages is depressed, and the profit arising from underpaid labour flows into the pockets of the employers. Marx quotes from official sources the most astounding facts, showing the amount of misery and mortality and destruction of the family life resulting from this fact. The mortality of children is greatest where women are employed in factory labour, and where the children, from want of proper food and the use of opiates, and in some cases even intentional starvation and drugging, become the victims of unnatural parents. On the other hand, the same official reports show how, in agricultural districts, where but a very small number of women are employed, the mortality of children is less in proportion. "It will be in fact a blessing," says one of the factory inspectors, R. Baker, in his official report, "for the manufacturing districts of England, to forbid every married woman who has a family to work in a factory."

Then there is the tendency of employers of factory labour to overwork the people, in order to keep the machinery going, and to use it up in the most remunerative manner. The work must go on day and night, and the least possible intermission of labour is granted to those employed. Thus "machinery, which is the most powerful means for shortening labour time, is used as an instrument to reduce the whole lifetime of the labourer and his family into labour time to be disposed of for the advantage of capital." The same tendency leads also to intensifying labour by means of machinery, and this is the way how the employers

of labour tried to compensate for the loss of time after the ten hours labour bill was passed. To this fact the inspectors ascribe the increased mortality in some sections of English labourers. Mr. Ferrand declared on 25th April, 1863, in the lower house of parliament, that owing to improved machinery the work put on individual labourers had increased in proportion, "twelve hours labour are now extorted from them in ten hours. Hence it is manifest to what an enormous extent the toil of factory labourers has increased."

Another depressing effect on the labourer in the process of manufacture by machinery is the abolition of a graduated system of promotion according to superior skill, as in the case of manual labour. There are only the "feeders" of the machines on the one hand, and the qualified labourers on the other, neither of them free or independent of capital. Thus the progress of industry does by no means add to the liberty of labour, but rather becomes the organ for reducing them to a more complete servitude.

Then there are the painful results of every transition state, occasioned by the introduction of new machinery which throws so many labourers out of employ. In answer to the apologists for industry by machinery, who assert that antagonisms and contradictions which are immediately connected with the capitalistic employment of machinery do not exist, simply because they do not arise from machinery itself but its employment by capital, Marx has a ready retort; so then he says, "because machinery considered by itself does shorten the hours of labour, whilst in its employment by capital it lengthens the labour day; because in itself it lightens labour, but as used by capital it intensifies toil; because in itself it represents the victory

of man over nature, but as applied by capital it subdues man under the dominion of nature; because in itself it increases the wealth of the producer, but as used by capital it impoverishes him, etc., etc., *therefore* the political economist simply explains that machinery considered by itself plainly proves that these palpable contradictions are mere appearances, but have in reality and in theory no existence. Thus the political economist does not trouble himself any further, but calls his opponent stupid for opposing machinery as such instead of the capitalistic mode of its application."

Marx further points out how the overplus value or profit so obtained is, as a rule, spent in luxuries and large retinues of servants, all tending to economic waste, the degradation of human labour, and a withdrawing of labour from more useful fields of production.

Like other opponents of capitalism, Marx describes, and in doing so condemns, the spasmodic expansion and contraction of different branches of industry, and the constant shifting about of large bodies of labourers with the mass of capital from one undertaking to another, the unsatisfactory condition of modern industry as carried on in the household, and the injurious nature of some occupations, and the unhealthy localities where work is carried on to the great detriment of the labouring classes. In doing so he draws his materials from the official reports of the English Board of Health. As a remedy for these evils he recommends, besides the institution of a normal day which has been already considered, a further interposition of the state for the protection of life and health of the labouring classes. In commenting on modern English legislation in this direction he points out the necessity for an energetic sanitary police and the insufficiency of sanitary clauses in the existing acts of parliament. Much too

Marx expects for the amelioration of the working classes by means of compulsory education and the system of the half-day school of those children who work in the factory during the rest of the day; with this he hopes a system of technical instruction in industrial schools will be eventually combined, so as to make the labourer more independent by practical training, and thus enabling him to choose that calling for which he feels an inclination. "*Ne sutor ultra crepidam*" holds no longer good as a maxim, he thinks, "it ceased to do so from the moment that the watchmaker Watt invented the steam-engine, the barber Arkwright the spinning-jenny, and the jeweller-journeyman Fulton the steamboat."

The next important theory of Marx to be considered now is his theory of the value of labour. Here he points out the great difference between the price paid for labour, and its actual value. All labour appears to be paid for, he says, because the wages are paid down. And so every trace is removed whereby to distinguish the borderlines between necessary and extra labour performed by the labourer for his maintenance, that is, between labour which has and labour which has not been paid for. In fact Marx declares that the expression "value of labour" is mere tautology, since according to him labour is the substance and measure of all values and has therefore no value itself. According to his theory of value "the value of twelve hours work is twelve hours work." To this theory of value we demur, as we have pointed out in the third chapter of the first book of this volume. At the same time the justice of the labourer's claim to receive the due fruit of his labours cannot be denied.

Commenting on the various forms of wages, Marx shows that the price paid for piece-work is only another form of ordinary wages. As such it is subject to a like

depression to the lowest minimum, and in addition affords opportunities of inciting the working people to greater intensity of labour and longer working hours at home because of the competition among the employed and the small amount paid for every piece of work done, not to mention the disadvantage of uncertain employment. Hence the tactical movements among labourers of late have been persistently directed against piece-work. Diverse advantages accrue to the employer out of this mode of labour. The expenses of supervision are saved, longer labour time is extorted with impunity, and it enables him to keep pace with all the eccentric conjunctures to which industry is exposed. The fact is, piece-work has been more extensively adopted with the extraordinary growth of industry, and factory inspectors now maintain that four-fifths of all factory people in England are engaged in it. Industry in the house, which it encourages, no doubt would have many advantages. But there is the danger too of depressing by means of unprincipled agents and middlemen the price paid for such work to fearfully small dimensions, and so of encouraging what is known in England as the "sweating system."

In conclusion, Marx treats on the "process of accumulating capital." Quoting the words of Sismondi, "*l'ouvrier demandait de la subsistance pour vivre, le chef demandait du travail pour gagner*," Marx tries to show how it is in the interest of enterprising capital to keep up a class of labourers who must work at the lowest rate of wages in order to live at all, and who are necessary as a mere complement of lifeless machinery. Capitalism, he says, "must constantly compel the labourer to tender his labour power in order to have something to live on, and it must enable the capitalist to buy up this labour power in order

to grow rich thereby." He shows how the view taken by English capitalists of the necessity of keeping alive the labourer, like a kind of superior beast of burden, entirely corresponds with the view of some of the political economists.

On this head he quotes a letter to *The Times*, written by Mr. E. Potter, vice-president of the chamber of commerce in Manchester, during the cotton crisis, dated 24th March, 1863. In this letter he points out the necessity of keeping the labourers, put out of work by that crisis, at home instead of assisting them to emigrate. He kindly admits "that the workers are not a property," but that they are the strength of Lancashire, and their employers, which could not be replaced for a generation, whereas the other machinery ("the mere machinery which they work") could be replaced in twelve months. "Encourage or *allow* (!) the working power to emigrate, and what will become of the capitalist?" "Can anything be worse," he asks, "for landowners or masters," than thus to give up their best labourers and thus to demoralise and discourage the rest by such an extensive emigration, a loss of productive capital in a whole province? *The Times* comments sarcastically on this letter, especially on the unfortunate term "machinery" as applied to human beings; nevertheless not a farthing was voted for emigration, and the maintenance of this human machinery was secured by a temporary relief fund, which enabled the municipalities to keep these working people just in a state between life and death by starvation. Three years after this, on the outbreak of the rinderpest, parliament irrespective of all precedents at once voted millions to compensate the landlords whose tenants had already been compensated in part by the heightened prices of meat. "The loud

howling of landed proprietors at the opening of parliament of 1866," says Marx, "proved that others besides Hindoos may be devout worshippers of the cow Sabala, nor is it necessary to be Jupiter in order to be transformed into an ox."

It has been said by political economists that accumulated wealth is the reward of saving and voluntary abstinence. To this Marx demurs, and shows that not a virtuous self-denial or voluntary abstinence is the real motive for this accumulation, but simply urgent necessity resulting from competition among the capitalists themselves. Hence he says: "In so far alone as the capitalist is personified capital, has he any historical value and right of existence. Only so far his own transitory existence is necessitated in the transitory necessity of the capitalistic mode of production. But so far, too, his leading motives are only to make money, and to increase it. . . . In his fanaticism he compels humanity to produce for production's sake, without any higher regards, and hence (unconsciously) helps to lay the real basis for a higher form of society whose fundamental principle is not the accumulation of wealth, but the full and free development of every individual. Abstinence may be necessary in the first stages of the process in the accumulation of wealth, but as the capitalistic undertaking assumes larger dimensions an increase of expenditure, and even a show of lavish profusion for the sake of credit, may become necessary. Thus the history of the progressive development of capitalistic industry points likewise to a commensurate increase of luxury and wasteful expenditure in mercantile circles. As a rule, the capitalist enriches himself not so much by his own labour and abstinence as by the labour and compulsory self-denial of those whom he employs. It is the value or

profit resulting from their exertions, which he appropriates. And in the gradual acquisition of the two great sources of wealth, labour and land, he adds to his wealth with the heightened productivity of these, which increase *pari passu* with the progress of education and science."

In close connection with this subject is the question of over population. Here Marx, though apparently conscious of the dangers of absolute over population, occasioned by the imprudence of the labouring classes, but not laying stress enough on the importance of this fact, rather inveighs against what he calls relative over population. He thinks that owing to the constant increase in the use of dead machinery many are thrown out of work both in the manufacturing towns and in the country. This "surplus population" is increased in numbers in proportion as industrial as well as agricultural undertakings are being more and more concentrated into a few hands. He shows how notwithstanding the extension of area used for arable land in Cambridge and Suffolk during the last twenty years, the rural population has absolutely decreased; that whereas the number of working-men employed in the manufacture of agricultural machinery in England and Wales in the year 1861 was 1034, the number of agricultural labourers employed at steam-engines and industrial machinery was 1025. He shows how the small farmer is gradually disappearing from the country and making room for the field-labourer, and how the men wandering from the country to the seats of large industry offer themselves for employment in the factories and so help in reducing the price of industrial labour. Thus too the natural bond between manufacture and agriculture, existing in less civilized ages, is rent asunder, and the labouring population become the mere instru-

ments in the hand of capitalists for enriching themselves by means of keeping up, both in town and country, this industrial reserve army of relative over population.

These remarks of Marx contain undoubtedly much that is valuable, touching the difficult question of over population. Relative population, by the concentration of property in a few private hands, is a danger; and its remedy may be chiefly sought, as we have remarked before, with Marlo, in the creation of collective property. But it must be distinctly understood that the uncertainty of industrial occupation, and the throwing out of work of so many hands occasioned by it, is by no means the only cause of over population, nor is it the only explanation of the constant depression of the price of labour. On the remarks of our author referring to the conditions of the English proletarian class we shall comment more at large in the following chapter.

The critical ideas of Marx have been turned to account by another leading socialist of modern times, Ferdinand Lassalle, for the purposes of agitation. Marx himself deprecates however all sympathy with Lassalle's positive proposals for social reform. What is peculiar in these proposals of the popular agitator and leader of the working men, chiefly in Germany, is his demand for constitutional reforms, with a view to solve the social difficulty by the action of the state. He demands universal suffrage in order that the masses may be properly represented, and so give effect to social legislature which touches their own welfare. Bismarckism seems to be Lassalle's ideal of government; and as one of the means of helping the labourer, he hopes that indirect taxation may be abolished. In all his controversial writings Lassalle proves himself the irreconcilable foe of that portion of the press which represents the "bourgeoisie,"

or moneyed middle-class. His most important publication on political economy is his book against Schulze-Delitsch, the father of the co-operative system in Germany.* We have had already in previous chapters glimpses of the views therein expressed on several economic questions. We shall now proceed to consider some other important criticisms and theories by the same author, whose originality and grasp in dealing with his subject cannot be denied, whatever be our opinion as to the justice of his criticism or the truth of his own economic theories.

The key-note of his writings is this, everybody is dependent more or less on "social combinations" (*i.e.* a concurrence of circumstances or events in the social nexus of mankind), and therefore is not "personally responsible" from an economic point of view. Hence the necessity of state protection, as opposed to that non-interference of the state advocated by liberals on the plea of personal responsibility. Lassalle points out the difference between legal and social or economic responsibility. In a legal point of view every individual act is the result of an individual exercise of will; in the region of law individuals exercise freedom of will. But the region of political economy is one of social relations of human beings towards each other, a region of solidarity or communion of interests, so closely connected that the exercise of free will by the individual is impossible. He points out that the

* It is entitled "Herr Bastiat Schultze v. Delitsch, der ökonomische Julian, oder Kapital und Arbeit: Berlin, 1864. Dem deutschen Arbeitsstande und den deutschen Bourgeoisie gewidmet." See also a full and popular account of Lassalle in H. v. Sybel's "Lehren des heutigen Socialismus und Communismus." Bonn, 1872.

social framework of both the ancient and mediæval worlds until 1789 sought to effect this solidarity of common interests in mancipation and subjection. The French Revolution, in search after liberty, and desirous to remove every restraint on individual liberty, was for dissolving all institutions which had for their object solidarity and community of interests.* In doing so, however, licence and not liberty was the result; for freedom of the individual without a regard to the common interests of his fellows is mere arbitrariness. Now, in the present age, we look for solidarity in liberty.

In answer to his opponent, that everybody is to be held accountable for his acts and his neglects of duty as a responsible being, that this is the condition of social union and the bond which holds together any community of human beings, etc., etc., Lassalle points out that, whereas this is perfectly true from a legal point of view, where every one must stand or fall by his own deeds, it is an altogether different matter from an economic point of view. For in the economic nexus now-a-days everybody is held, responsible for that over which he has had no control whatever. For example, if now-a-days the crops of raisins in Corinth or Smyrna, or the crops of wheat in the valley of the Mississippi or in the Danubian provinces and the Crimea, turn out well, the dealers in raisins at Berlin and Cologne, as also the corn dealers who have heaped up large stores bought at former prices, lose perhaps half their property by the fall of prices occa-

* "Im Mittelalter, sagt er, (*i.e.* Lassalle) herrschte die Solidarität des Interessen in den Formen des Unfreiheit, in der Gegenwart herrscht die Freiheit ohne alle Solidarität, die Zukunft wird die Solidarität in den Formen des Freiheit bringen."—H. v. Sybel, "Die Lehren des heutigen Socialismus und Communismus," p. 53 *et seq.*

sioned by these favourable harvests. If on the contrary the harvest should turn out badly, the labourers during that year lose half or more of their wages, not in receiving less in money, but in being able to buy only half the amount of victuals which was bought formerly for the same price. Again, should it so happen that the cotton supplies from the southern States of America were stopped suddenly from dearth or any other cause, then the labourers in England, France, and Germany, engaged in manufactures which depend on this supply, are left without occupation, and consequently without bread.

But suppose, instead of a cotton famine in America, there is a crisis affecting either the money market or industrial produce, say a glut in the market of foreign goods, which have been sent there by various merchants from different quarters, all arriving at the same time in enormous quantities. The natural consequence of this will be a general sale by auction of these goods, perhaps under the cost price, and by this the European manufactures of silk and velvet are stopped for a time owing to the want of new orders. Newly discovered gold or silver mines in distant parts of the world, with the prospect of abundant yield, change the nature of contracts by a consequent depreciation of the precious metals. They enrich the debtors, and impoverish creditors, all over Europe; whilst a heightened and constant demand for silver in China and Japan will have the opposite effect. Every new mechanical invention, which cheapens the production of any commodity, depreciates the value of a mass of commodities of the same kind, which has been previously stored up, and does more or less injury to those engaged hitherto in such production. Not even a new line of railway can be laid down anywhere without increasing the value of land,

houses, and commerce in its immediate neighbourhood, and depreciating to the same extent land, houses and commerce situated in an opposite direction, which has not the advantages of proximity to a railway line.

All these and similar examples are adduced to prove how a conjuncture of circumstances and a combination of events operating in the world of commerce bring about economic results with which individual acts have little or nothing to do, but are rather governed and determined by them; you may overlook this fact, says Lassalle, but you cannot remove it. There it is, avenging itself on those who will not apprehend it as a power of nature, a fate, playing at balls with the supposed liberty of individuals. Some are hoisted up into the lap of fortune, others are hurled down into the abyss of poverty. Human beings are the balls in the hands of accident; but where accident prevails, individual liberty is crushed and responsibility and accountability do no longer exist. Yes, he says, social relations with their connecting links and interdependent conditions, are the orphic chain of which the ancient poets sang, as indissolubly binding and connecting everything. And strangely enough, and not without a deep significance and a certain humour, this old orphic chain has still its old names among our modern mercantile men! This chain of social intercommunication, this chain which links together all known and all unknown circumstances, is called in our modern commercial world *conjuncture** (Germ. *Con-*

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* *Conjuncture, i.e.* of circumstances, *e.g.* crises, that which is brought about by a combination of circumstances and a conjuncture of events. *Conjunctio rerum omnium, ἐπιπλοκὴ, συμπλοκὴ, ἕνδεσις τῶν ὄντων* (connection, combination, fusion of all that exists), is what the Roman and Greek stoics called the orphic "indissoluble bond,"

junctur), and the supernatural metaphysical endeavours to solve the riddle as to the results of these unknowable circumstances are called "speculation."

"These two, conjuncture and speculation, pervade our whole economic life, they are felt throughout the mercantile world, and the rings formed by their fluctuating billows touch and influence every individual drop of water laving the remotest shore, in spite of its apparent tranquillity and independent flow" with the stream of economic life.

These passages are taken from the first chapter of Lassalle's volume, and refer to labour. In the second and third chapters he treats on the creation of capital, on value, exchange value, and competition; and in doing so simply translates the arguments of Karl Marx and others into the language of socialistic agitation. We shall only give one short extract, as a sample of this style, where he criticizes Nassau Senior and others, who explain the creation of capital by calling it the reward of abstinence. "So then," says Lassalle, "capital profit is the reward of abstinence! Happy, invaluable word! Then European millionaires are ascetics, Indian penitents, stylites, standing with one leg on the column, with a haggard countenance and outstretched arm, holding out the plate to receive from the people the reward of their self-abnegation. In the midst of them all, and far surpassing the rest of these sufferers, stands their chief, the house of Rothschild."

Thus in a series of diatribes he shows that bad logic and bad faith alike are resorted to in order to convince the

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δεσμὸς ἄρρηκτος, the εἱμαρμένη, chain of fate, determining and negatively interlacing all existing things. See Lassalle's Heraclietus, Part I., pp. 374–379.

labouring world that their misery is all their own fault, that their being condemned to perpetual poverty, and the employers growing rich at their expense, is only the natural reward of abstinence and self-abnegation on the part of the latter. In all these rousing utterances there is a great deal of point and rhetorical power; but when we come to his positive proposals for social reform we find them, as a rule, valueless. He wants to have capital to be degraded into a subordinate instrument of labour. A division of labour indeed is to be continued as now, but all work is to be done in common. The necessary funds are to be provided out of the common purse, and the reward of labour is to be distributed in proportion to work done.

The transition state from the present mode of production to the one indicated is that of the co-operative association of labourers, assisted by state credit. This he thinks must be done on a large scale; for nothing is easier at present than the crushing of the incipient association system in competition with private capital. "As the great battalions on the field of battle, so also the huge masses of labourers, and the great capitals, must decide the victory on the economic field of battle. Hence nothing would be easier than transforming a free competition which at present crushes the labourer into an instrument for his liberation. But, in order to this, it is necessary to bring the large battalions on the side of the labourers, that is, on the side of the association. This the state can do, as on the actual battle-field, so also in the economic warfare, by means of state credit, which alone can set in motion the labour battalions and secure for them the victory."

Some one may object that there is great risk in such an undertaking of general credit by the state. No, says Lassalle, there is no risk; that is a mere delusion. Risk is pos-

sible where individual production is carried on, on the principle of competition. There Peter may rob Paul, or any private speculator may contribute to the ruin of his competitors. But all statistics show that production, as such, always remains a gainer. Therefore if all labourers are encouraged by the state to join the association, all engaged in it must more or less share its profits. If there is to be no competition then there will be no risk, if no risk then there can be no crisis, if no crisis then there will be none of those misfortunes or miseries which accompany all such conjunctures in the markets of the world. Then he thinks the labourer may be exempt from those fears and trials to which now he is exposed by reason of that combination of circumstances and events in the competition struggle over which he has no control. That the labourers themselves are anxious for such state help to help themselves, he shows from the history of the labourers of Paris in 1848, when for a short time the prospect was held out to them of state subvention and they were ready to avail themselves of it by thousands. As to contingent losses, he considers as they are borne by the many members of the association they will be less felt by individuals. There is a natural tendency by which the various associations would seek for united organization into one great body of production, and this would still more reduce any possible risk. At first this united organization would be merely for mutual confidence and instruction as to the best modes of production. By a careful comparison of statistics, over production would be avoided, or at least regulated, and so baneful crises would be averted.

Other benefits are predicted from the adoption of this association plan by Lassalle, as for example the extermination of unproductive and dishonest speculation and a thorough æsthetic reform. Then in conclusion a melan-

choly meditation follows, which contains another onslaught against the whole progressive party and the liberal press, and also a loud battle-cry addressed to the German labourers.

There is a strong family likeness between these proposals and those of Louis Blanc. Lassalle's central association is simply a chimera, and the arguments which were advanced on our part to show the impracticability of Louis Blanc's system apply also, more or less, to that of Lassalle. At the same time we must give credit to the latter for the powerful influence he has exercised over the mind of labourers who were urged on at one time to very important social and political movements by his own daring and brilliant genius. But in more recent times his productive association and demand for state credit are sinking into comparative neglect, with the increased interest taken in Marx's normal labour day which now occupies chiefly labouring classes.

There are two more socialists to be named, who, although living at a former epoch of history (1848), have much in common with the two men whose criticisms and opinions we have just delineated. We mean Proudhon, and the German critic on the condition of factory labour in Great Britain, Engels. Proudhon, although depreciated by Marx and Lassalle, expressed most of their ideas long before either of them, and he resembles Lassalle more particularly in his negative criticism and the partial manner in which he distributes light and shade in describing and judging modern capitalism. But he differs from his great successor in being equally unsparing toward socialism and communism. He describes, in a long series of ten epochs in the history of economic development, the social disharmonies which one after another had to be combatted. But his final

results are very unsatisfactory: there are hopes of mutual help assisting the development of the labouring population, and a final reconciliation of all interests is dimly foreshadowed; but nothing practical is proposed. Both he and Engels have a peculiar theory of value. On this they found their theoretical systems of political economy and their criticism of practical capitalism. But we shall not enter upon this here, as in a former chapter which treats specially on values enough has been said for general purposes, and what remains to be mentioned on the subject will find a more appropriate place in the next chapter.

We have now arrived at the close of the "social theories" which have been from time to time propounded. It was like passing one's eye along a well armed line, drawn up to combat the existing state of society. We have had to look the enemy right in the face, and from enemies even we may have learned something good. What we have to do, in conclusion, is to give a cursory criticism of all positive proposals. Hitherto we have only considered socialism in detail. We must now examine it as a whole, and see how far that which is undoubtedly true in liberal capitalism may be reconciled with that which is equally true in the attacks and proposals of those who claim equality and to unite liberty and equality in a true federalistic system of society. This is a new phase in the historical development of society. Co-operative systems are still in the process of formation, and the process may be a slow one, so that we must not dare to look too far ahead. We feel there are burning social questions to be answered; we long to bring forward views, however crude and imperfect, which may assist in showing the way to a happy solution; we wish to reconcile the possessing with the non-possessing classes, and think it can be done in the

way of moderate social reforms, which have nothing to do with class hatred or class prejudices. And in our attempt towards this object we feel deeply how ominously true are those words of Von Thünen uttered several decenniums ago: "If once the people roused out of their slumber shall ask the question, and seek practically to solve it, what is the natural reward of labour? a conflict is likely to ensue which (it is to be feared) may spread destruction and barbarism throughout Europe."

BOOK III.

CONSIDERATIONS ON THE PRINCIPAL ATTACKS OF SOCIALISM AS FAR AS THEY AGREE. COMPARISON OF THE VARIOUS ECONOMIC FORMS OF COMBINATION IN SOCIETY. THE POSITION OCCUPIED BY CAPITAL. SOCIAL POLITICS AND REFORM.

CHAPTER I.

On the Adjustment of Value.—The Use of Money.—Commerce.—Conjunctures of Trade, or Crises.—Wretched Condition of the Proletarian Classes.—Refutation of Socialistic Attacks with reference to these points.—The Function of Commerce and the economic Benefits of Capitalism considered and compared with the Social Organization proposed by Socialists.—Lassalle's "Fate," and what it amounts to.—The English Proletarian Classes as described by Karl Marx and Engels, according to Official Reports.

THE historical view presented in the preceding book of the several socialistic systems will have convinced the reader that there are certain points which all socialists agree in attacking; and this is true more especially with regard to the more recent socialistic writers. In the present chapter we shall therefore give a short summary of these concurring attacks of socialism. After having finally disposed of this sort of criticism, which may be regarded as the outwork of socialism, we shall then be in a position to decide on those fundamental questions as to the various forms of industry, property, and private income, and also suggest such social reforms as may appear to be within the province of the state.

Now socialists of all shades complain of the following: (1) the unsatisfactory adjustment of value;* (2) the monopoly enjoyed by, and the deception practised more or less in connection with, the possession of money and its use; (3) the preponderating dishonesty and unproductivity of commerce; (4) the fatal influence of mercantile conjunctures, or crises; and lastly the disgusting neglect of the labouring classes, known in foreign countries under the name of the "proletariat." As all these evils are referred to the principle of competition as now existing, we shall endeavour to point out: (1) that should this system be abolished, and socialism be established in its place, then the evils complained of now, instead of being diminished, would rather be increased; (2) that former ages did at least suffer under similar and equally unhappy conditions; (3) that an important amelioration of the evils referred to is not only possible within the sphere of capitalistic production, but is already in course of development; (4) that capitalism is even now interpenetrated, completed, and restricted by organizations which are not capitalistic, and which are capable of still greater extension, and meet with general approval as now in use.

To apply then these general arguments to the special complaints above enumerated. With regard to the unsatisfactory adjustment of the value of commodities.

* For a clear exposition of this point see again H. von Sybel's "Lehren des heutigen Socialismus und Communismus," where the theory of value as adopted by socialists is referred to and its onesidedness is exposed. Having pointed out the *two* factors which enter into every calculation of the value of things, he thus concludes: "it (=value) changes according to the relationship of these two factors at the time. The energy which is indispensably necessary in order to produce the commodity indicates the lowest limit, or its minimal value. The energy which manifests itself in the immediate demand after the same commodity is its highest limit

Here it must be remembered no other organization hitherto known in political economy has managed to bring price into harmony with those factors which constitute the value of things, more simply, more promptly, or more completely than the capitalistic organization of the present day. And this for a very simple reason. Capitalists engaged in the struggle of competition, and anxious after profitable returns, will warily judge of the respective values of cost and use of any commodity which they produce. They try to produce at the least possible expenditure of labour and capital, and take care to supply such commodities only as are in demand, and thus for the time being of the greatest value in the use.

Under the present system there may not be always an exact return of enjoyment for expended life vigour, of those engaged in manual labour, nor can an exact equivalent be always obtained in the shape of articles of consumption for the hardships of labour undergone. But the distribution of labour and enjoyment is at all events more justly carried on than under feudal or despotic constitutions. Suppose the competition system were superseded by the societary or co-operative system. Then production conducted under the direction of officials would be carried on presumably with far less thrift and foresight, in the absence of private interest; thus the whole process would be less economical, and less profitable; thus

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or its maximal value. Hence the constant measure of value in exchange is not simply the labour time required for its manufacture, but rather the relationship of this labour time to the urgency of the demand for the commodity, or in a word the usefulness of labour or labour adapted to its proper objects is the source and measure of value, "*die Zweckmassigkeit der Arbeit ist Quelle und Maass des Werthes*," p. 15 *et seq.* and *ante* from p. 9; also see the chapter on Value in the 1st Book of this volume.

values and prices would be in greater jeopardy under socialistic direction than they are now. The expensive modes of procuring services and commodities adopted by the state are well known; hence we conclude that, considered economically, it is far better to leave the adjustment of values and prices to the calculating, enterprising capitalist than commit them into the hands of state officials.

Then again, in order to show the superiority of the present system to more ancient ones, we need only remind the reader of the enormous prices paid for articles of consumption in times of dearth, the exorbitant rate of interest, and the abuses of usury, prevailing in more remote and less civilized ages. It was left for the era of competition to regulate, in the market, prices and adjust exchange values, where formerly accident and individual cunning and caprice prevailed, to the exclusion of any fixity in values and prices.

Besides, even if there are occasional disturbances now, it has to be noted that not to capital, but to those extraneous circumstances unconnected with it, must be ascribed the real cause of fluctuations of price and the turbid state of values. Wars, standing armies, national debts, these produce the greatest disorders in the monetary world, and hence influence prices. They impede for the time being the free course of competition by the effects of state centralization. * Hence the irregularities complained of are not owing to competition, but rather its comparative absence.

Statistics are regarded as the antidote of the evils of competition by socialists. They may become so in a great measure; they might be turned to good account under

* This would apply to continental countries, with their standing armies, to a greater extent than to the British empire.

the present system, without having recourse to socialistic regulation of the industrial process. Much may be expected, but not everything, from an improved science of statistics as applied to production; but we do not require for this the introduction of state communism. The competition system, armed with such a statistic apparatus for the observation of social phenomena, would work far better. Nor do we see why in the course of time the close observation of trade conjunctures and commercial fluctuations by a national statistical department may not be as carefully carried out with respect to the social atmosphere as facts and phenomena in the natural atmosphere are noted and prognosticated by meteorological observation.

Lastly, there is an adjustment of price existing already which is not fixed by capitalistic means, as in taxes, which are levied by the state according to its own valuation, or in the tariffs of the postal and telegraphic services, and as in some countries of the railways, where we have fixed prices and an index of values framed by the state, irrespective of capitalistic competition. So too the annual budget is more or less the result of a calculation based on cost value and value in use of those services or commodities which the state requires. The representatives of the nation decide, or ought to do so, this matter. Thus in fact, where the adjustment of values and prices cannot be safely left to competition, it is left to be done by the public or those public bodies which represent society. The foundation is therefore laid already for supplementing, and where it is necessary for limiting, the adjustment of prices by competition. Thorough reforms may be necessary, and further developments, not however amounting to the entire exclusion of the principle of free competition.

The second attack of socialists is directed against money. It is, they say, the cause of all the evils in the world; it supports the tyranny of monopolies, as goods can always be got for money but not always money for goods. It cloaks the "constant surplus value" subtracted by the capitalist from the labourer's due; and finally, with Aristotle, the socialist regards with contempt any transaction in which money is both the beginning and the end. The first charge deserves no serious refutation. In answer to the second we must observe that with the gradual extension of the economic organization, as effected by capital, there will be greater opportunities afforded too for disposing of commodities; so far capitalism is a furtherance rather than a hindrance to the seller. If money again has an advantage over other commodities on account of its general value, it has this disadvantage, as compared with them, that they may rise, but its own value remains stationary. Again, as to that notion that the value of any commodity depends solely on the amount of wages paid in producing it, leaving out all consideration of the amount of risk to be made good, and the premium payable to the enterprising capitalist for the exercise of his foresight, calculation, and experience in the production of commodities, that is entirely erroneous.

But even supposing the labourer to have been unjustly overreached by the capitalist who employs him, money in that case is perfectly innocent in the matter. The rise and fall of wages, whether paid in coin or kind, depend on special conditions which have nothing to do with the fact that wages are paid in money. On the other hand, it may be retorted, the sum of money prepaid in wages may be greater in some cases than the amount which the commodity so produced may fetch in

the market. In this case the absorption of capital by labour might with equal justice be said to be concealed under the cloak of wages paid in money. The wonderful power possessed by money is simply this. It is the best medium of exchange, and the most suitable unit for estimating the value of any commodity; and thus it becomes a most important element in the process of social economy.

Socialists ought to remember that one of the most important services rendered by money is the freedom it procures for every individual to do with his own, be it capacity or commodity, whatever he likes. Those who speak disparagingly of money by way of imitating Aristotle should recollect that the times and circumstances have changed considerably since his day. Free trade was unknown, and slavery was rampant, in the days when the great Stagyrite uttered his vituperations against money-making. He spoke chiefly of the small tradesmen, who were the only capitalists of his day. Combination of work on a large scale, such as we have in our great manufacturing centres, was then unknown; and both he and his socialistic followers are mistaken in supposing that "money-making" may be carried on "*ad infinitum*" by the capitalist. Competition itself prevents such a consummation in bringing down profits to a minimum, and in furnishing the consumer with the cheapest objects as to value in use. Losses too go to balance the gains, and the gains are partly consumed by the capitalist, who must live by them, and in fine as a matter of fact no house of business known in modern times has grown rich to an infinite extent.

There may be faults in modern capitalism which may demand reformation; but to abolish the use of money or capital, and to return to the more primitive

forms of barter and exchange, would be a retrograde step in the science of economy. Thus as a matter of fact we find communism tending towards the patriarchal or classic type of social economy. In such a state, overreaching the labourer would, however, be quite as easy as it is now. If the working classes were placed again into similar conditions to those occupied by them in former times, their lot would by no means be very enviable. They would lose not only materially, but would be deprived also of the liberties which now they enjoy. The slaves and serfs of past days were fleeced much more by their employers than labourers now, and they had no means of freeing themselves or vindicating their rights, such as our labourers have in the present day. They were rewarded in kind, or natural products, not money as a rule. And thus valuation, or the fixing the respective prices of services rendered and benefits received in return, was far more difficult and liable to greater abuses.

From all this it follows that practically capitalism has less to do with the misappropriation of the labourer's due than any previous organization of labour.

In close connection with money as a mark for socialistic attacks, we find the character of commerce aspersed. It is accused, and generally speaking without reason, of dishonesty and unproductivity. Its important services in the process of production and consumption, all over the world, are entirely overlooked. Socialists fail to recognise that it alone can bring about what they are so fiercely contending for, "a social constitution of value," or price. It may be compared, to use an illustration, to a widely diffused nervous system, which is susceptible of the slightest changes of price in different localities; and by constantly availing itself of the telegraph and the press, to note commercial fluctuations all over the world, it

secures a proper distribution of commodities and productive power, and maintains a steady equilibrium between demand and supply. It thus prevents over production and abnormal stagnation in any of the branches of the world's commerce. It is an international system of providing for the wants of all by means of the well-applied energies of all.

This could not be effected by a cumbrous state commerce. The wisest and most humane chief or patriarch of socialism could not bring about such results, with equal quickness of observation and equal promptness of resolve, as now is done by speculating capitalists. Moreover, simple barter, and exchange of natural products without the medium of money or the refinements of modern commerce, would not prevent dishonest appropriation; Europeans may exchange, as they do now sometimes, their tinsel pearls for the precious gold of the ignorant natives of some distant island. There are abuses which ought to be remedied in commercial capitalism, *i.e.* over speculation and over trading, which are more or less connected with a rotten financial system, abuses of state credit, and the unproductive hoarding up of capital in consequence of political commotions. But these evils are not finally attributable to capital as such; a further extension of the competition principle over capitalistic enterprise might bring about salutary results. Thus, for example, the creation of co-operative societies for production as well as for consumption, and the establishment of working men's banks, would strike a blow against some of these abuses; the latter would operate against the monopoly of the banks, and the former would in some measure preserve the small consumer against the exorbitancy of the retail dealers, and raise up in the co-operative society for production a powerful competitor

with capitalistic enterprise. The state too, in the financial department, enters into some commercial relations which are not of a purely capitalistic nature.

Those unforeseen contingencies, which bring about commercial crises or "conjunctures," as Lassalle calls them, are the next point of attack now to be considered. We saw in the last chapter what Lassalle means by his "fatum of the capitalistic bourgeoisie." Those contingencies which he attributes to this fate will, of course, arise and make themselves felt in more or less powerful vibrations to the most distant limits of the commercial world. But the modern appliances resorted to by speculating commerce modify and alleviate those contingent evils more readily and completely than any other known organization of the past ever did, or any socialistic organization of the future is ever likely to do. In calculating beforehand all the chances, and comprehending in one glance all the combinations and fluctuations of the various markets, it surpasses, both in depth and width of economic insight and foresight, all former systems. It provides against scarceness and profusion, and so endeavours to avoid contingent suffering.

Lassalle's assertion, as adopted by his followers, that the working man becomes the scapegoat of every commercial crisis or trade conjuncture, must fall to the ground if we can show that capital profit and capitalistic speculation do not aid in any degree towards bringing about these fatal contingencies, that they have existed and will exist under any organization of labour, past, present, or future. Looking back to mediæval times, and the position of the labourer then, when as a dependent he was confined to one particular locality, and when, exchange value being unknown, he was chained to his employer, who provided for his needs, then indeed he was exposed to any contingent

local calamity; he was then less able to dissolve the "indestructible orphic band." He was not, to use the words of Lassalle and Ketteler, thrown "skin and bones upon the world's market," like the labourer of the present day; but he was tied to the manor for life.

Nor was the tradesman of that day free either from a similar fate. Whole cities then were laid waste by a change in the direction of commerce; there was no public security, the administration of justice was extremely doubtful, and the tradesman was tied to his guild and locality. How far more elastic is the system of trade in modern times! Before commercial enterprise sent forth its steamers and clippers to fetch the corn from distant shores, or before the goods train united the most distant points on land, before free trade brought together both hemispheres, the miseries of the poor were much greater than now, because of frequent local famines. Our modern mutual intercourse according to this system of capitalistic speculation protects the labourer far better against the contingency of an unfavourable harvest than public corn magazines or a famine police. It can be shown that the limit of fluctuations in the price of corn is now reduced sixty per cent. from what it was in the thirteenth and fourteenth centuries.

Instead of losing, as Lassalle thinks, the labourer gains by finding an enterprising employer who prepays wages for work done and secures him against any emergency to which he might be otherwise exposed. The capitalist pays the wages of the miner, the stoker, the steel preparer, the cutler, and all the rest who are employed in transforming the iron ore into Sheffield ware; and he prepays all these at his own risk, saving the actual producers all further responsibility. The labourer no longer depends on his own private enterprise, or that of the

association to which he might belong. The capitalist who employs him takes all the risk on himself. It is impossible to say what would happen if that general productive association were established which is recommended by Lassalle. The directors of factories and official heads of agricultural departments, presiding over the labourers working in common in this co-operative society, would not enjoy any special immunity from the strokes of fortune or fate; nor could they anticipate any such reverses more effectually than the capitalist of the present day. Bad harvests, wars, revolution in such a democracy where universal suffrage prevails, a commercial crisis like the cotton famine of 1860, these are links of that "indestructible chain" which neither system can remove out of the way without assuming the part of Providence.

It amounts simply to this: either competition is allowed among the several co-operative associations recommended by Lassalle, or it is not. If it is permitted, there is no reason why the conditions should not be exactly the same as those existing already in the present system, unless indeed superior human power and foresight and intellectual excellency are likely to be found among the heads of the "*bon peuple*" in a far more eminent degree than now among the astute leaders of the "*mauvaise bourgeoisie*"; in the case of both, bad speculation must of necessity bring misery to the poor. Or there will be no competition at all; the process of production and consumption would be carried on under the auspices of the socialistic patriarchate or demagogical government. Here again we are not by any means secured against any adverse influences of the economic fate, least of all against the possible errors and the injudicious management of the rulers.

Unity of action, concentrating all human productive powers in one association, would eliminate according to Lassalle all risk, because of the absence of competition struggles. But this idea cannot be realised except by common consent of all mankind, and the extension of this organization over the whole globe. Supposing even this impossibility actually accomplished, in such a case the fate of individual working men may even turn out to be far worse, from what we know it to be now. He would not be sure of always getting the full reward for his work then, since any adverse results of the transaction of the society would be visited on all the individuals belonging to it. The labourer would be subject to the injustice, the selfishness, and the shortsightedness of the ruling powers; he would be exposed to the despotism and caprice of majorities, and might have to smart under a fate more dire than the present. Now he is at liberty to make his own terms with the employer, and stipulate for the price of his labour. And, even supposing it to be true that in doing so now he is often underpaid, and that large fortunes are made by the capitalist at his expense, there still remains the question whether the greater loss likely to result from mismanagement of the association leaders would not more than counterbalance the surplus gain supposed to be never abstracted by capital profit.

In fact this is one of the bright sides of capitalism, with its many faults, that its thrift and wary calculation of chances, the constant efforts of thousands engaged in the hot pursuit of profit,—all combined, effect a more even ebb and flow of productive powers, and bring about after many commercial oscillations an equilibrium which neutralizes the plunders of individuals and provides for the general well-being of the

masses who depend on employment. Speculation makes the best of conjunctures, and so helps to a certain degree in re-establishing harmony.

Lassalle indeed expects wonders from his "central commission," guided by carefully collected and compared scientific statistics respecting the demand for production. But it is not likely that such calculations would be as reliable and accurate as those of practised speculators. Hence, over production and consequent stagnation of trade would be more likely to occur in the co-operative than in the competitive system of commerce. At present a crisis does not affect to any alarming extent individual working men; it is generally foreseen by a diagnosis of symptoms some time before it happens. If it violently sweeps away the rotten branches of the top of the tree, it generally passes away too, quickly, like a sudden blast; after having cleared the commercial atmosphere, the storm is over, and work is resumed with renewed vigour. We have an example of this in the rapid recovery of commerce and manufacture after the fatal crisis of 1860 to 1864. The market price, and the promising state of trade as to profit, more or less regulate the productive movement; the withdrawal of bank credit from doubtful enterprises discourages hasty speculation; self-interest thus becomes a social safeguard against unforeseen contingencies.

The labour time fixed as at present, or exchange value of commodities, Lassalle calls "the cold inexorable fate of the ancients introduced into our modern bourgeoisie." In the question, how much above or beneath its true value the working man may sell his individual labour according to the social scale, "in this," he says, "consist the sorrows and joys of our social Werthers. This standard of value, the conscience of civil society, is

only realised by a constant violation, an excess or defect, in the too much or too little of the market-price." How this is to be remedied in the new social democratic era is not pointed out. But this asserted inequality between work done and value received is obviated as far as possible in our present system, which Lassalle attacks by a false onesided application of its own principles as to value and price. It adapts the amount of individual labour expended to the changing value estimates formed by society as to the goods produced by it, and, as far as possible, reduces the disharmony between "value of exchange and individual labour," by a careful balancing between the original cost and its market price under the influence of competition. The new form of enterprise, in co-operative associations, having profit for its object, is in its nature still capitalistic. Therefore only as a system in which competition prevails can it effect an equalised, steady, commercial movement such as is intended by it; not by the abolishing of competition, but by entering the lists and competing with all comers, the co-operative association will be able to alleviate the severity of crises and the effects of social conjunctures.

One characteristic trait may be observed in all socialistic attacks against capitalism, namely, the undue prominence given in their critical writings to the dark side of existing social relations, specially with regard to the shocking condition of the proletarians. Engels, among the Germans, gives a gloomy description of "the position of the working classes in England"; and he is followed by Marx, who draws his information from official documents of the last twenty-five years.

We must not omit to give a sketch of their revolting picture, drawn in lurid colours, of proletarian life in England, the country where capitalism has reached its culmi-

nating point. Let us hear Karl Marx. He first refers with indignant scorn to the following observations of Townsend: "It seems to be a law of nature that the poor are to some extent improvident, so that there always may be some to perform the most servile and dirty, and the meanest functions in the community. By this the fund of human happiness is increased, and 'the more delicate' of mankind may be freed from ordinary drudgery, to follow the behests of a higher vocation," etc. Other authors, ancient and modern, are quoted, expressing similar if not equally heartless sentiments. Then he quotes a speech from Mr. Gladstone (in 1843), in which he says: "It is one of the most melancholy characteristics of the social condition of this country that a decrease in the power of consumption among the people, and an increase of privations and misery among the labouring classes, should go hand in hand with a constant accumulation of wealth in the higher classes of society, and with the constant growth of capital." "The fact is astonishing," says the late premier, in a speech delivered in 1863 (*i.e.*, twenty years after the one just quoted), in presenting his budget, "and scarcely credible, of this intoxicating increase of wealth and power confined entirely to the possessing classes. But it must be of indirect advantage to the labouring population, in cheapening the ordinary articles of consumption: . . . that the extremes, however, of poverty have been modified, I dare not say." Speaking of the masses on the brink of pauperism, of branches of trade where wages have not risen, he concludes by saying regarding the labouring classes generally: "that human life, in seven cases out of ten, is a mere struggle for existence." Then Professor Fawcett is quoted, who, reasoning in a similar way, but in plainer and more outspoken language, unfettered by official reserve, declares: "the rich are becoming rapidly

wealthier, whereas no increase can be discerned in the comforts of the labouring classes. The means of livelihood are getting dearer, and working people become almost the slaves of those petty tradesmen whose debtors they are." Astounding facts too are quoted from the official reports of Drs. Smith, Simon, and Hunter, prepared for the Privy Council in 1862 and 1863. The amount of nourishment, examined chemically and statistically arranged, as consumed by agricultural and industrial labourers, appeared to be an absolute minimum, just sufficient to prevent "starvation diseases."

What is still more remarkable, the condition of the agricultural labourer was found to be the worst in those counties of England which are considered to be the most flourishing. The want of proper nourishment, excessive in some cases, was chiefly felt by women and children, "for the men must eat, to be able to do their work." Sickness follows indigence, and want of light and air and pure water. And it must be recollected that, long before poverty leads to such a reduced diet, there must be utter destitution of the ordinary comforts of life, clothing and warmth. Without protection against the inclemency of the weather, without furniture in a narrow, confined hovel, engendering sickness and disease, such was the destitution of the English labourers as described in official reports.

And this is not the condition of the lazy and the vagrants, but the hardworking day-labourers. Whatever exaggerations Marx may have otherwise indulged in, so as to represent his facts in the most startling manner, these official statements show sufficiently that the "*laissez-faire*" system, as to the domiciliary arrangements and the sanitary condition of the working man, only leads to an execrable waste of human life.

Dr. Hunter, in his memorable report on the domiciliary condition of the agricultural labourer, says: "The means of existence of the hind are fixed at the very lowest possible scale. What he gets in wages and domicile is not at all commensurate with the profit produced by his work. His means of subsistence are always treated as a fixed quantity; as for any further reduction of his income he may say: '*nihil habeo, nihil curo.*' He is not afraid of the future; he has reached zero, a point from which dates the farmer's calculation. Come what may, he takes no interest in either fortune or misfortune."

Both in quantity and quality, the report says, the feeding and housing are becoming worse progressively every year. The poor rate and the influence of poor laws make it necessary for the moneyed interest to reduce the number of resident agricultural labourers to a minimum in their respective parishes. For unhappily, agricultural labour, instead of securing certain and permanent independence, only involves eventual pauperism, which may be expected sooner or later. Thus an increase of the agricultural labour population implies an addition to poor rates. To avoid this, large landed proprietors will not allow any cottages to be built on their estates; so as to relieve themselves of a part of their responsibility towards the poor.

That this is a matter of fact is proved by the census of 1861, from which it appears, by a comparison of the years 1851 and 1861, that a population of 821 agricultural districts in England, which had increased at the rate of 5⅓ per cent., had at the same time their dwelling-room reduced at the rate of 4⅓ per cent. (and this apart from the fact that some are not allowed to reside in the parish where they are at work). This was effected by means of pulling down the cottages, in spite of an increased demand for them. The result of it, according to Dr.

Hunter, is the erection of show villages, consisting of cottages for the shepherds, gardeners, and gamekeepers, in short, the regular servants of the landed proprietors. The cultivators of the soil are compelled to live in open villages, perhaps three miles distant from their scene of labour, some even six or eight miles. And these dwellings are huddled together somehow by building speculators, on small plots of ground, and as cheaply as possible. They are miserable holes, in which notwithstanding the "Nuisances Removal Act" the agricultural labourers of England live in extreme wretchedness, in an atmosphere as unhealthy as any to be found in crowded towns.

But the worst result of this procedure on the part of the landed proprietors is the "gang system." The attention of the English legislature has already been drawn towards this matter with respect to the eastern counties. Still there are other parts of the country where the evil remains quite unmitigated: Huntingdonshire, Cambridgeshire, Norfolk, Suffolk, and Nottinghamshire, and others occasionally. As an example let us take Lincolnshire, one of these counties. Here the soil has been lately reclaimed from what constituted morasses in former times, and now yields corn and affords a good rent. The labourers who cultivate the soil come from a distance, and on the average there is one labourer's cottage for every hundred acres of land. Nearly all the work (except the heavier part which is done by "confined labourers," who live on the farms) requiring many hands is done by the nomad troops of the "gang."

These organized bands consist of from ten to forty or fifty persons, chiefly women, and young persons, and even children. All are led by the gang-master, or driver, who is generally an ordinary agricultural labourer

with a certain amount of enterprising spirit, clever, but generally a loose character. He makes the contract with the farmer for piece-work, and keeps the horde of labourers under him to their work. On their performance depend his own profits. He wanders with them from one estate to another, and so finds occupation for them during six or eight months of the year. The advantages of the labourers so employed are a certain guarantee for constant work. The disadvantages are overworking of the children and young persons and women, who are exposed to long marches to distant farms, and those demoralizing influences which are peculiar to such a nomad life.

There are both "public" (common or tramping gangs) and also "private gangs." The latter consist of a smaller number, and are led generally by an old hind for whom the farmer can find no other equally profitable occupation. "My farm is over 320 acres of corn-land," said one of the farmers before a commission appointed to inquire into this matter, "and all is corn-land. There is no cottage. One labourer lives with me. In the neighbourhood I have four men lodging, who look after the horses; the light work which requires many hands is done by gangs." This system was steadily extended for many years, and only exists for the benefit of the large farmers who grow rich thereby, or rather the landlords. There could not be a better method devised for farmers, in order to get extra hands when they are wanted, or to knock out the greatest amount of work at the least possible renumeration, by rendering male adult labour unnecessary.

"The land thus freed from natural weeds, and humanity infested with moral weeds, are in Lincolnshire the two extreme and opposite poles," adds Karl Marx; and then he passes on to a minute exposure of Irish agrarian misery, which he closes with the words: "with the rise of the

ground rent in that country there is a commensurate increase of emigration to America. The Irishman, replaced by grazing cattle, settles down beyond the ocean as a Fenian. Thus over against the ancient sea-queen rises the new giant republic, assuming a more and more threatening attitude.

'Acerba fata Romanos agunt,
Scelusque fraternæ necis.'"

There are those who think and say, with regard to such gloomy representations which ignore the brighter side of modern capitalism, with Hildebrand in answer to Engel's description of the "position of the English labouring classes:" "the facts mentioned are true for the most part, and therefore the description of special cases most striking and deceptive. What is untrue is rather the manner of combining the facts, and accounting for the causes to which they are attributed. The details are true enough, but the description, taken as a whole, is delusive. It only shows the dark sides of British industry and the condition of the labouring classes, and is as unfounded as would be a view of the state of the morality of mankind drawn from the biography of criminals, or like statistics referring to human health gathered chiefly from observations made in hospitals and similar institutions."

We must confess, however, that this is by no means a complete refutation. Distress and wretchedness in hospitals and criminal institutions even ought to be exposed first, and then removed. So too it is the duty of social reform to remove the excrescences of speculating production, and its consequent evils in the dregs of society. The remedies for the above-mentioned evils are not to be brought about by a state communism, as socialists erroneously conclude; they only demand state intervention for

the improvement of dwelling-houses, and the passing of sanitary measures. To this we shall presently return.

It is the fashion with socialists to paint in roseate hues social conditions in olden times, as compared with the dark picture drawn of the present conditions of society. We would therefore, in concluding this chapter, point out a few of the dark spots in those systems, not however with the intention of denying the necessity of those social reforms which we have shown the nature of the case urgently demands. In the ancient Asiatic countries, where despotism prevailed, the ruler of the country was the sole landed proprietor. In Greece about three-fourths of the population were without civil rights, and were regarded like property, bought and sold like cattle. In Rome Gibbon calculates the number of slaves as comprising half of the population. Rome itself, during the transition period from republican to imperial institutions contained, besides 50,000 strangers, almost a million of slaves. The free *plebs urbana* of 1,250,000 heads had sunk so low in poverty that from Cæsar's time half of them were beggars living on public largesses. All the wealth of the country was absorbed by the 10,000 belonging to the rank of either senator or knight. Among these were the large landed proprietors, the great office-holders of the state, tax farmers, and moneychangers. Thus 40 per cent. of the population were slaves, 29 per cent. were beggars, and only ½ per cent. of the whole number of inhabitants did actually belong to the possessed class. Later, under the emperors, Pliny was justified in saying: "*Latifundia perdidere Italiam.*"

During the middle ages landed property, which was almost the only kind of wealth, was divided among a few hereditary families. The rest of the people were some half free, some not much better than slaves, ground down

by tithes, burdens, villainage, and prescriptions. According to Doomsday-book the landed proprietors made up only 3·3 per cent. of the population, 7·6 per cent. were half-free peasants, and 225,000 serfs and slaves, out of 300,000 fathers of families: so that three-fourths of the population were without liberty and without property. Similar conditions prevailed in other parts of Europe.

These points ought not to be overlooked when the age we live in is painted in such dismal colours. Men like Proudhon, Marx, and Lassalle, do not quite overlook these facts, nor do they deny the gradual historical development of the forms of society. Their mistake consists rather in wishing to introduce prematurely their own new-fangled plans for the reconstruction of society, some of which may be left to develop themselves in the course of time. Then again they are over eager to destroy radically and abruptly existing forms of industry generally. They appear not to be able to regard calmly and without prejudice successive historical phases of society, and those transition states from one form to another which are necessary. They do not see that a continuance of private and collective forms of property and existing modes of industry may be equally necessary, along with the new forms to be introduced now or hereafter. On the other hand their opponents err in a similarly one-sided manner in considering the capitalistic modes of industry as the only legitimate ones, and among such chiefly those carried on under the leadership of private capital, and in their defence of property laying stress on the claims of private property exclusively. This leads to the important investigation of the relative claims of the different forms of industry and property, in the next two chapters.

CHAPTER II.

Forms of Society, founded on the Principles of Capitalism, Communism, and Christian Love compared.—General Laws of Development in the Formation of Society (Morphology).—Federal Forms of Society the Latest Development.—Liberality and Self-devotion in Patriarchal, Christian, and Humanitarian Socialism.—Natural Community of Goods in the Family.—Its relation to Capitalism and public Community of Interests.—"Female Rights."—Communistic or public Forms of Society, their peculiar Conditions and Limits.—Five Cases enumerated where these are Applicable.—They are not Applicable to the Processes of Commerce and Banking.—Lassalle's Public Credit Scheme refuted.—Historically Communistic Principles are chiefly adapted for Primitive States of Society, and gradually give way to others in the Process of Civilization.—Their Relation to Capitalism considered.—Aristotle.

As we have seen all along, there are three systems advocated by theorists for the salvation and perfection of society: (1) that of public forms of industry, carried on by the state and the commune, which has a retrogressive tendency; (2) that of a federative or co-operative improved capitalism, which has a progressive tendency; and (3) that of a Christian, humanitarian socialism, which in the free and devoted spirit of Christian love gives up all for the common weal. If applied exclusively, every one of these will prove false alike. But each one of them separately contains something of the truth, and so far corresponds to a remarkable degree with the actual facts of every-day experience. If applied within legitimate bounds, and in proportion to their respective expediency, all may be of service so long as they do not exclude the partial adaptation of the other systems where that seems required.

In order to show the truth of this statement, we must first make a few remarks on the various forms in which human beings are apt to combine for social purposes, and with a special view to the leading principles of political economy, *i.e.* the proper production, consumption, and distribution of wealth. These forms, with reference to the will of the various members of society, may be either compulsory (as in the community, the state, etc.); or voluntary (as joining a partnership, an association, or the like); or they may be binding after a contract freely entered upon (as matrimony). With regard to authority, they may be illiberal or the contrary. With regard to the object they may aim at universality (state, community, family, etc.), or speciality (the interest of individuals only). With regard to their duration, they may be of a permanent or evanescent nature; with regard to extension, they may be local and particular, territorial, or cosmopolitan, and personally either wide or narrow. With regard to the motive for association, that may be speculating, dictated by self interest (in private undertakings), or communistic, sacrificing personal interest to the common weal; or these two motives may be mixed, as in the case of mutual assurance societies, coalitions, or other social associations by means of corporate bonds, whereby all are benefited. And finally with regard to the relation of various social forms of combination among themselves, they may either be simple and automatic, or combined and interdependent.

Now bearing in mind these distinctions, we shall now be able to see how, historically and logically, the different distinctive forms of society above mentioned are gradually developed in a natural morphology and evolution, as civilization advances. As a matter of fact these distinctive forms follow each other in due succession, or they may as

often exist side by side with each other. This statement will appear more plain if we consider how, in the course of time and the softening influences of culture, community of goods is succeeded by a community of the moral products of the mind, how selfish isolation gave way to the humanizing influences of society; how compulsory subjection of needy savages was supplanted by the free and rational self-government of modern society.

Take an example: formerly the only means of providing against any stroke of sudden misfortune were to be found in the same family. From this narrow circle of association, extending presently to the guild, there arose the mutual assurance society, which being free, in contradistinction to those earlier rather despotic institutions, secures the same object on a far more extensive scale. Having at length become emancipated from the controlling power of the commune, the state, or the church, it spread its blessings over the whole civilized world.

And in this manner that social germ, the family, has spread its ramifications far and wide, and has resulted in higher combinations, which have grown up morphologically until they became what they now constitute, society. Compared with one another, compulsory combinations lead naturally to separation and centralization and stagnant uniformity; whereas voluntary and independent associations lead to mutual improvement and progressive federalization.

Without entering deeper into the question of the gradual formation and organization of society, the two following laws may be laid down as economically true.

(1) The various forms of social combination do not grow up historically in uniform proportion; special forms appear in every period of development, which commu-

nicate their own typical character to more ancient forms. But no developed form once called into existence disappears again entirely; it forms an integral part of the whole framework of society, erected during the course of ages.

(2) The most primitive form of society is the most natural too, as *e.g.* the community of the family, the clan, and thence territorial divisions. These become gradually more refined and are trained for liberty, and give rise to co-existing alliances, friendships, and associations formed for different purposes. As in the family, so in the state gradually arising out of it, the early despotism and patriarchal authority yield at length, and after many transformations, to the supremacy of law which reduces the chaos of individual claims into a harmonious whole. Law itself becomes the collective will of all, and itself constitutes only the will of the majority.

Now the same laws of morphological change in the forms of society hold good in the case of social economy. And in our days, when socialism demands a new framework of society on the basis of its own principles, it is of importance to attend to this morphological change in social forms. It will guard us against the acceptation of any exclusive form and precipitate changes. And it is well to recollect that as in the animal and vegetable worlds embryology and morphology do not point to either monotony or lawlessness in the development of forms, so too in the economic morphology of human society we observe both order and variety. First we see the binding, constant, narrow, and authoritative combinations in the primitive and natural forms of society, and only gradually moral liberty and individual freedom assert themselves, and forms founded on these higher principles, and not brute force, gain a relative importance, not however to the exclusion

of those earlier and less perfected forms of social combination. Last of all appear those federal forms which are most comprehensive, free, and adapted to the present extension of capitalistic enterprise. They admit of a combined movement for uniting the productive powers of the whole universe with complete freedom and variety, and this on the most magnificent scale.

To apply now this general statement to the three forms of society mentioned at the beginning of this chapter. First, with regard to liberal socialism (*fraternité*). It is founded on brotherly love and humanity, and has always existed in society, and will remain to do so to the end of time. This liberality in bestowing gifts or services freely may be one-sided, or reciprocal, having for its motives either humane promptings or natural predilections. The latter is most conspicuous in the family, where a mutual exchange of services and commodities, free of cost, constantly takes place. Here we find the most primitive form of communism; and this simple mode of producing and consuming, within a small circle, the needs and requirements of a simple life may still be seen in some corner or remote district, shut out from the great economic vortex of our modern capitalistic life. There each small tradesman, or farmer, with his family forms a little economic world. But this form of society, performing all the necessary economic functions, is possible only so long as the family lives secluded by itself. It loses the exclusive right, and becomes insufficient for the purpose of carrying on the economic process, when the circle of social combination begins to widen beyond itself.

In the clan or village community which is the extension of the family, the patriarchal form still exists as in the family, but with it also public authority and power.

New relations are now established; a more general division of labour; a more elaborate system of mutual exchange of services and commodities, and the introduction of money to facilitate exchange. As the population still more increases, there will be a wider field open for speculation and the amassing of private fortune. The family indeed still exists by itself as a consumer, and also as a producer; but it is no longer a microcosm shut up in itself. It has now become a cell within the beehive of the community or state, in which the economic process has begun to be carried on on capitalistic principles. Gradually the introduction of machinery displaces domestic industry, and small trade is absorbed in factory labour, and the family as a unit for production is merged into a union of many productive integral parts, all held together by the power of capital.

Here the various members of the family become the elements for a higher production. But up to the present day this process of the absorption of the family microcosm in the macrocosm of society has not yet been completed altogether, although the economic status of the family has been considerably modified. Education is already relegated from the wife and the family to the school; and so too the tending of the sick and infirm is left in large proportion to hospitals and benevolent institutions. *Fourier's* fantastic notions as to reforms in dwelling-houses will be partially adopted in time by a more rational mode of cooking, firing, lighting, water supply, which will contribute largely towards comfort and health of the family at a cheaper rate, because produced on a larger scale and saving much labour of servants, drudges, and flunkeys. Mutual insurance societies are doing now on a larger scale the work done in the family formerly, and the time may not be far distant when

public and federal, voluntary and compulsory associations will be formed for the mutual support of the distressed, so as to render poor-laws in future unnecessary.

No one will doubt that steps in that direction are being taken now, and hence our assertion that society is constantly passing through this morphological transition state is not without foundation. But as a sphere for the production and consumption of personal services in education, culture, fostering love, and conversation, which are independent of things without, the family will always continue to exist. These things cannot be got for money, and yet they tend to embellish, improve, and heighten the enjoyment of life; they are to be found in the family alone, the proper institution for the natural formation of personal life, and hence the original source of all those personal services which make up the sum total of human culture and enjoyment.

And even with regard to the production of commodities, that is not quite independent of the family; for the preparation in the last instance of the necessaries of life for personal use must transpire here. In order to their due preservation and best adaptation, all commodities are best taken care of at the family hearth. And in order to their proper consumption they must be brought within the circle of family economy, here to be adapted for use in order again to produce, develop, and preserve personal life.

And in a similar way in order to the proper distribution of commodities the family is required. The individual enters this world in a helpless state, remains a consumer chiefly for twenty years, before he begins to produce. Now no one would readily undertake to provide all the necessaries through so many years, in the expectation of ultimate returns; the state, if undertaking the task

of this temporary provision, could not perform it as easily and thoroughly as now is done by the parents. A community of goods existing through a course of many generations might effect it, by one generation providing for the needs of the next in order that this might again do so in favour of a third; and so on. But under normal condition the family will do it far more effectually.

So far we have regarded the family in its special vocation. Now one word with respect to its relationship towards the remaining economic forms of society. The continuity of personal life as represented in the family encourages in most cases the acquisition and preservation of capital in the form of income. As such, and in consequence of capitalistic modes of acquisition, a proper use is made of it, according to the dictates of natural feeling. And so it finds an outlet again as an investment into the sphere of capital enterprise, and augments the fund for the employment of labour. Thus labour and capital are furnished by the family, and they are the two great factors for the production of wealth.

In proportion as the family appears under a distinct form in this new phase of social formation, it becomes more perfected within and enjoys more liberty. The autocratic power of the head of the family diminishes, and the personal freedom of wife and children becomes more and more recognised. The wife gains rights over her own property, the children are at liberty to utilize their own labour to the best advantage and their own profit. Factory laws protect both against the husband and father who is disposed to tyrannize over them. In course of time the right of disposing of property in part or as a whole facilitates a free choice of domicile, and each member of the family now enjoys more liberty and independence.

This leads to a question of no small importance in our days, that of "woman's rights." The "emancipation of women" has among its advocates many who propound visionary and absurd schemes of reform, and therefore is in danger of not receiving serious attention. But as it is a question about the future welfare of one half of the human race, it must not be entirely disposed of with a sneer. Some of the arguments in favour of reforms on this head contain very important truths. There is little doubt, for example, about the fact that the condition of women is far less favourable than it might be, that compared with men they are and ever will be in a less favourable condition, and that their present position admits of certain improvements.*

We shall point out a few cases in point. Women are excluded unnecessarily from the exercise of some social functions by custom. Nature has evidently intended the easier functions of trade and commerce for women, *e.g.* millinery, the sale of articles of fashion, etc.; and yet they are often forced out of this position by the stronger sex. This ought not to be the case in a well constituted order of society.

Women find it generally more difficult to gain a livelihood than men. This arises from the fact that the average female work (and they are fitted to do half the work in the world) produces the less necessary articles for the enjoyment of life, which are consequently less in demand, in proportion with the increase of poverty. Women suffer more from poverty than men; for the education of men goes hand in hand with affluence. Con-

* The following is an abstract of Dr. Schäffle's epitome of Marlo's views on the subject. Much has been omitted which either does not refer to social conditions in England, or America, or which is purely of a political nature.

versely, brutality and poverty are constantly found together, and the weaker vessel suffers most accordingly, and almost exclusively among the lower orders of society. Women are specially dependent on men owing to our present modes of carrying on domestic economy. Many offices now performed by women might be left to special branches of industry, and this would give time for women to acquire and follow some sort of business which might render them comparatively independent.

Legally again, women are subordinate to their husbands both as to person and property, and this in conformity to that ideal notion that in the married state both wills coalesce into one person. If this were the case, no law would be necessary. But unfortunately the present state of things contradicts the ideal conception. The law therefore ought to prescribe the joint administration of property where that seems practicable, separate jurisdiction where separate interests exist, and to permit women to dispose of their own at will. Due provision ought to be made for the relict widow too, without detriment to the right of children.

Then in the case of unhappy marriages women suffer more than the men, on account of their whole life interest being bound up with the family. This disadvantage can be removed only by the ultimate prevalence of better institutions. The measures required are both of a preventive and curative nature. Unhappy marriages may be to some extent prevented by removing the causes that lead to them. The improper motives which prompt *mariages de convenance*, that so often end in misery, are the desire of getting property, rank, or merely the means of existence. In fact, in all such alliances money has a preponderating influence, and only an improved state of society in which the inequalities of fortune would be felt less severely by

the weaker sex could permanently prevent this. And there is a curative measure too, which, although it cannot restore domestic bliss, can put an end to constant misery, *i.e.* affording the opportunities of fair and trustworthy legal separation.

Again, the law as it stands now does not sufficiently protect women against the violence of brutal husbands among the lower orders, whereas the weaker vessel ought to be protected by the law against the stronger. Among the higher classes, on the other hand, the right of inheritance being in favour chiefly of the males precludes women from the substantial rights of possessing property, more especially on the demise of their husbands.

Lastly, but by no means least in importance, women receive an inferior and insufficient education, and that for different reasons, in every rank of society.* From what has now been said, it seems clear that improvement in the condition of women, and their emancipation from many existing social disabilities, is both desirable and necessary. General observation must teach us too that individual women show capacities sometimes, not only

* Compare with this Mrs. Fawcett's Lecture IX., in "Essays and Lectures, Political and Social. By Henry Fawcett, M.P., and Millicent G. Fawcett." 1872. Mrs. Fawcett thus concludes: "Whatever acts upon the mind is properly education; and as long as the social surroundings of women encourage them in frivolity, the good effected by a sound school education will be to a large extent counteracted. But the first step towards improving the influences by which women are surrounded is to afford them the means of a good school and college training. Women with cultivated minds will not rest contented with lives of frivolity and dependence; they will demand and obtain something different, something which corresponds with their previous training; just as the present social condition of women now too often corresponds with the 'showy superficiality' of their schools."

equal to, but even surpassing those of men, and hence we may be allowed to draw the conclusion that in this respect they differ from man in degree only, not in kind. To disqualify them entirely from sharing the privileges and duties of men cannot, therefore, be strictly right in principle, and requires some justification as to its expediency.

The result then of our consideration on family economy may be summed up thus. As an economic form of social combination, the family is originally the only form, complete, shut up within itself, and limited in freedom. Its functions are presently more defined, and reduced in number, as men discarding isolation group themselves in clans and states. It thus loses its exclusiveness. Other forms of society prevail, and a reciprocal relationship is now established between capitalistic economy, the public economy of the state, and the economy of the family; and there results a mutual exchange of offices between them, they become dependent on one another. And both the experience of the past among all nations, and the application of economic principles, show that this process of transformation is in accordance with certain established laws.

Hence it appears, and this is most important to note, that to expect a solution of the present social difficulties and the removal of defects in the order of things by reducing society into one large family is a grave misconception; and yet this seems to be the demand of modern socialists or communists. No power on earth could bring about general "brotherhood" and family affection among the millions of human beings scattered over our globe (and now only artificially connected by the world's commerce), between the inhabitants of tropical regions and the poles, between Europeans,

Japanese, and Hottentots. True Christian brotherhood, extending over every zone and penetrating the ends of the earth, rather consists in this, that all perform their part and duty in the production of wealth by means of effecting the most careful estimate of cost and the value in the use of commodities.

Again, the most useful activity of all for all, the true economic "brotherly love" of man towards man is possible alone by the instrumentality of a widely extended capitalism. The philanthropic and theological enthusiasts who ever dream of a cosmopolitan family economy at the end of all things, and condemn as mercenary all "seeking for wages," forget the most elementary condition for the fulfilment of their grand anticipations. They forget that community of goods freely dispensed presupposes a narrow, lasting, and personal intimate relationship, a singleness of object such as exists in the actual family or in friendship. This community of life, however, is wanting in the productive community of nations all over the world.

But mutual and disinterested support and reciprocal liberality do not remain confined to the family, but soon extend to the various forms of friendship, of the association and mutual benefit societies. These are the result of a progressive civilization. They are founded on purely ethical grounds, and conceived in a far more liberal and unfettered spirit than the narrow solidarity of the family, the commune, or the corporation. Similarly in process of time there arise simple, charitable forms of unreciprocal liberality, as exhibited in the personal devotion of the scientific philanthropist, the founder of benevolent institutions, and the efforts of political, social, moral, and religious reform by individuals or societies. These are the threads of a humane Christian socialism,

interwoven with the texture of our present social system. This fact many pretend not to see, who inveigh against modern society. Surely the services rendered by the enthusiastic man of science who brings down the Divine fire from heaven for his fellow-men, the zealous president of the provident society who disinterestedly devotes his time and talents to the amelioration of the condition of poorer brethren, the sister of mercy who brings comfort and the consolations of religion into the sick wards of the hospital and the workhouse—all these perform an important function in society, far better, cheaper, and wiser than paid hirelings could or would do.

And this form of liberality is as necessary for, as it is dependent on, capitalism. The travels of a Humboldt and the technical discoveries of other men of science furnish new weapons for the extension of commerce and the creation of wealth. On the other hand, without capitalistic modes of producing wealth and public business carried on by the state, there would be no private property and income acquired or secured, and so the munificent donations of a Peabody, an Astor, and others, to encourage science, to promote art, and to contribute towards the temporal and spiritual welfare of the human race, would be impossible. A levelling communism would destroy all this kind of liberal communism, which is indispensable for the economic progress of society at large.

There are certain peculiar conditions by which the usefulness of this liberal community of goods is limited. First and foremost, there must be personal bonds in order to unite men in self-devoting friendship. Church communions, trades unions, and such-like demand some personal sacrifice. Nor is it an indifferent matter what kind of capitalistic or public form of economy

unites these persons. Experience teaches that federal societies and voluntary unions, like that of the towns in the middle ages and of the United States of America in the present day, manifest a higher degree of mutual liberality and a more powerful impulse for the founding of benevolent institutions. Religious affinities lead to similar results, though often marred by sectarian jealousy and injudicious charity. In a communism of literary and artistic ideas we see another form of disinterested liberality, although the inspiration of genius more than the love for the species leads to this higher free communication of benefits, where truly "a few fishes" satisfy a multitude. Lastly, the desire of display becomes a motive to render the amassed wealth of the individual under our present system a benefit to the masses, healing to some extent the sores struck by an unequal distribution of wealth.

But this free and spontaneous community of goods is by no means of universal or exclusive application. As the tendency of the age to unite nations and distant parts of the world by commerce, as the one common social bond, is approaching nearer to its realization, many of those narrower personal bonds of which we have just spoken lose more and more their influence; institutions are formed for mutual relief and support, and the general welfare of all is provided for on a wider and more comprehensive plan. As national economy has partially displaced the family economy, it in its turn will yield to universal economy, and the present capitalistic forms, without destroying what already exists, will be improved, enlarged, and further developed. To wish to restore therefore an all-embracing fraternity, actuated by merely humane or Christian motives as the *only* principle for uniting the human family, instead of maintaining the

existing capitalistic system which does not exclude the others, is going backwards instead of going forwards. Yet this is the proposal of so-called humanitarian and Christian socialism.

We must now consider the public economic forms of the corporation and the state; for these will give us an insight into the value of these forms, and their applicability solely or in part for the organization of society. Now a state or a corporation may be considered from a mere economic point of view; it then merely represents the totality of public property and service. There is division of labour on a huge scale in the different departments of the public service, and production as well as ultimate consumption on the part of all the members of the community, similar but vastly superior in extent to the same processes of private enterprise. The capitalistic undertaking represented in a railway company, a great spinning manufactory, or the like, are but insignificant compared with the grand dimensions of state machinery, and the gigantic inventory of the production of commodities and services required in times of peace or war. The state, in fact, is an abstract producer and consumer of public necessaries. Private capital and labour is used by the state and rewarded, for liberality alone does not supply all the requirements for the public good. Hence it becomes the duty of the state to find the ways and means in the shape of duties, taxes, and the like, and this is the peculiar form of political economy known under the name of finance. The decisive difference between public and private forms of economy in producing, consuming, and remunerating commodities consists in this: the principle of competition which regulates all capitalistic forms of business is displaced by the exclusive principle of

authority and power in the state; public authority provides the necessary institutions and offices out of the public purse, and undertakes the proper supervision and remuneration of the same; public authority may, but it need not of necessity, aim at economy as its first object. And this is very important; it is a powerful argument against the doctrines of communism which would regulate all economic processes by state authority, for it is a notorious fact that all public business is far more expensive than business carried on by private individuals, and the latter is preferable wherever a choice between the two is possible.

But in the whole collective economic system of society public forms of political economy have their own appointed place and undoubted vocation. On the one hand, the public mode of providing the necessities for the common weal may incite to economy by strict supervision and control, by leaving the supplies to competition, by conferring judicious marks of distinction on worthy public servants, but most of all by that federal decentralization which leaves a great deal to local self-government, without destroying unity in essentials. In this way the federal system, leaving to some extent the control of public matters to local authorities who are most interested in the matter, may even in the public economy become the source of enormous saving.

On the other hand, there are advantages peculiar to public forms which far outweigh the advantages of capitalistic competition. A few policemen armed with public authority, a few judges appointed by the state, save vast sums that would be required if every individual had to provide for the protection of his own life and property. Again, some commodities once acquired

by the state serve for the use of multitudes for many generations, such as libraries, schools, churches, aqueducts, streets, etc., etc. In fact, the state exercises a salutary influence wherever the principle of competition is powerless and the danger of monopoly requires the strong arm of the law to prevent abuses and exorbitant demands. Capitalism then, as it cannot fulfil all the requirements of a well-regulated community, can never entirely displace the interference of the state. And this strikes a death-blow against the ultra-liberal system of "*laissez-faire, et laissez-passer*"; for according to it a multitude of useful commodities and services could not be produced or prepared for the necessary well-being of the community, and that for the following reasons:

(1) In order to effect the utter supremacy of law, and in order to organize society by means of public institutions, so that clashing interests may be harmonized, and the highest development of all, *viribus unitis*, may be effected, one plan must prevail, one public authority must direct the building, repairing, and consolidating of the framework of human society. This cannot be done by capitalism, for competition aiming at the highest profit only is here excluded.

(2) In the case of public institutions and services, like railway communication, the post, roads, bridges, and docks, etc. (which must, in order to be useful, embrace the whole length and breadth of the land), capitalistic competition alone is to some extent excluded; capital would not undertake to lay down lines of rail, or to engage itself to direct the postal service in small districts where small or no profits at all would encourage the speculation. Here again state authority is necessary, either to undertake what

private capital will not, or to protect the public against a possible monopoly of private companies for the management of a general system of communication.

(3) Some branches of industry do not possess sufficient attraction for capitalistic speculation, because of the wearisome and protracted process in the formation of the commodity required. The planting, for example, of a new forest, which requires three generations for its full growth, or the foundation of any institution the benefits of which can be enjoyed by future generations only, requires the action of the state or the corporation.

(4) Many public commodities can supply the requirements of a multitude far more effectually, and in due time and proportion. A schoolmaster can at the same moment instruct forty or more juveniles; a preacher can officiate before a thousand as well as a hundred, etc., etc.

(5) Lastly, there are some services which it would be very difficult to value or reward in each individual case. These must be regulated by means of public financial measures; *e.g.* the use of streets, roads, bridges, etc., in fact, in all such cases where the public have free access to the benefit conferred upon them by public works and services.

In all the above-mentioned instances, the most effectual production, supervision, and application of commodities for the common good demands exclusively public authority, and excludes imperatively competition by the nature of the case. Here then the social safeguards in capitalism are powerless, and state-interference becomes a necessary element and a salutary influence in political economy.

Let it be remembered, however, that all these con-

ditions requiring state-help, or in other words public forms of economy, are wanting in certain branches of trade and commerce, in the credit and banking systems, into which socialists endeavour to introduce them. From the most ancient representatives of socialism, down to Blanc, Marlo, and Lassalle, all advocate the carrying on by the state of the banking system, and the regulation of commerce by public authority. But it has never been shown by careful investigation that there is sufficient reason to sanction this procedure. We assert, and shall prove it in a succinct manner, that, as a rule, public forms of business are in contradiction to the essential nature of commerce and banking. The most simple forms of banking business, as in the case of joint-stock companies, discount banking, and the like, may admit of this public form or official management; here a few mechanical rules suffice for carrying it on successfully. But it is a different matter in the case of traffic in goods and in bills of exchange. Here not fixed, but circulating, capital is of paramount importance. Now the responsible private speculator does his best to ensure quick returns, and to adapt himself to the constant variations of the money market; the shareholder (if responsible) of a company may act with the same prudence in commercial pursuits: but not so the public official, who has personally little to lose or to gain in the transaction; if allowed to act with freedom he calculates, like the merchant indeed, his chances, but not with the same acute interest; if hampered in his powers to act, the business will be carried on with lame slowness and consequent unfavourable results.

Besides there seems no urgent necessity, as in the case of those pursuits above mentioned, for the state to undertake this, either in order to the creation of public benefits

or the prevention of public loss. And this holds good especially in the matter of banking, which again chiefly resolves itself into the question of *credit*.

There are existing now three kinds of banking establishments for the purpose of receiving lodgments and granting loans on good security, which constitute the media between creditor and debtor, between capital and enterprise. There are the large joint-stock concerns, which are liable to the constant control of a scrutinizing public. There are the private banks, equally open to public criticism and guaranteeing the greater security inasmuch as the banker himself is personally responsible. And lastly there are the building societies in England for the last fifty years, affording opportunities for profitable investment, and the loan associations in Germany, which in rural districts have existed for the last century, and which under Delitzsch have been extended to other trades besides; the latter in their solidarity maintain credit before the outer world and encourage the saving of capital among the members belonging to the association. Thus it promises according to its present development to become the sound foundation for a proportionate expansion of agriculture and commerce, and the very best means for the destruction of usury, which is the bane of small farmers and tradesmen. It has the further advantage of securing credit for the gradual extension of co-operative production.

For this purpose Lassalle demands state credit. Now to object to this plan on the ground that the state has no right of spending large sums for the benefit of a class, *i.e.* the wages labourer, is in itself no valid reason. The state does from time to time make such sacrifices, as in England in the case of grants for drainage, the postal savings bank, and annuities for the benefit of certain

classes. The real objection is this: that demand for advances on the part of the state, the creation of a general credit bank, a sort of credit mobilier, or state bank, is simply a precipitate experiment for the sake of assisting the premature extension of a new form of industry carried on according to the co-operative plan. With innumerable chances against it, and hampered by competition with private banks, it would merely result in a huge failure.

It is far more likely that as the co-operative system among the labouring classes gains ground, credit will come of its own accord as a natural result. The state cannot arbitrarily create credit, nor direct and distribute it as warily as private organization can do. Were it to undertake to found the bank which Lassalle demands, it must do so by means of taxes, or loans. Taxes, however, proverbially produce unequal effects; and loans could be effected as well or perhaps better without than with the help of government. But suppose the experiment to fail, and the state to become bankrupt, then the loss will have to be sustained by creditors or taxpayers. Thus injustice would again prevail as before in the distribution of wealth, and the 80 or 90 per cent. of the whole population consisting of labourers would by no means be exempt from the loss incurred by the financial miscarriage occasioned by the mismanagement of public officers.

But there are those who go even beyond Lassalle, demanding the entire destruction of the present credit system and the introduction of that other and public form which, as we have just now seen, is incompatible with the safety of property. It is enough, in addition to what has already been said, in reply to these innovators to point out that modern society as now constituted does exhibit a more "social" and higher solidarity than was

known in any other previous stage in the history of civilization. In other words, the present credit system, founded as it is on mercantile self interest, yet serves better than any ever known for the mutual support of individuals and the cementing of society, and acts as a powerful bond of union, linking together the present generations with the future. For according to our present credit system we are able with perfect security to reserve the surplus of present capital for future use, by means of profitable investments, wherever present sacrifice for future benefits by saving is to be secured; and also in any case where the present means and future prospects together have to serve a common purpose, the exchange relations of modern credit are necessary.

This we see exemplified in the case of insurance companies carried on by enterprising capital, enjoying public credit, and by a careful calculation of chances affording the best known means for providing against the future; again, the same is done without the intervention of such institutions. There must be credit, encouraging investment for the benefit of the helpless widow and orphan, and other persons for whom provision has been made in this way; for there is no other way of securing annuities, excepting heaping up savings and leaving them to lie idle. This is done, in less advanced countries, to the great loss of the persons concerned; for the interest is lost, and the use of capital for the production of increased wealth with it.

Again, by means of our present credit system an income is secured for liberal objects and unforeseen exigencies. In former days whole classes and individuals were at the mercy of a few privileged persons, on whom they relied entirely. Now-a-days, owing to the many branches of trade and credit extending all over the mercantile world,

and the security afforded by the bank system, eventualities are easily foreseen, and the even continuity of social and economic existence may remain uninterrupted. In the savage state the rude hunter devours, without thought for the morrow, the game while it lasts; days of want and hunger may follow upon wild extravagance. It is not so in a civilized age; here the parent lays a policy for a future life-interest into the cradle of his new-born child. Such is the advantage of a safe credit system as we have it now.

But credit with its consequences is not only an aid for the future or the past of the creditor, it is also the hope of the future for the debtor. It enables both enterprise and talent to arm themselves with capital, and so to gain future emolument and fame. True, there are drawbacks here too, as in everything else. For example, money may be heaped up by a lazy money aristocracy (timocracy), to encourage future generations of private individuals consuming in indolence the revenues of capital amassed by their sires. But in the progress of civilization every lever employed for that purpose is liable to abuse, and therefore the system under consideration. The question is, are the advantages, weighed against the disadvantages, preponderating? We reply in the affirmative. Without credit there would be wanting all those advantages enumerated above; without it we should want the existence of the so-called educated classes, that aristocracy which democratic Athens could not spare in order to carry on its government any more than Rome, and as to the necessary existence of which in modern times we may challenge the social democratic doctrine to the contrary.

Besides this, there are the preservatives against the abuse of credit in the rise and fall of the rate of dis-

count and the price of securities respectively. This is regulated by capital attracting and repulsing credit as occasion may require, avoiding extremes, and maintaining a just equilibrium. The very nature of credit is so peculiar, and in many respects differing from other mercantile relations, that we must not wonder if the rules which generally prevail in the latter are not applicable to the former. There is so much of uncertainty and hazard in credit transactions that value and price of securities in the money market are accordingly of a much more varying character.

Yet there are fixed limits notwithstanding, respecting the use of credit. The limit of credit is the probable solvency of the debtor. A false calculation on this point, any undue extension of credit, is punished by consequent failure and loss to creditor and debtor alike. The interested capitalist, or the banker as his agent, who according to our present much-abused system is well trained in foresight and acute business habits, is a far better calculator of chances than would be the public officials in the proposed state credit system which is to supersede it.

But one positive danger of public credit, which turns the scale entirely against it, has yet to be mentioned. As a matter of fact the state has an unlimited amount of unhealthy credit. Regarded as a judicial personification, with infinite resources for raising money by taxing the community, no one refuses subscribing to a loan, though it be known that the money so obtained is squandered; it admits of crying abuses, and raises the most ungrounded and wildest expectations. Here the example of social reform is necessary, in order that it may be imitated by private credit; and the irregularities in both may be removed by confining rather than extending public credit and the *quasi* public credit of joint-stock concerns. But

our socialist advocates demand the very reverse of this, forgetting that instead of remedying they would only aggravate existing evils. The state indeed may incite and encourage, where it is required, the insurance, saving, and credit organization; it may in the absence of another initiative urge on and compel even the foundation of appropriate institutions for this purpose among the people, under self-government or centralized authority, as occasion may require: but the state never can, and if it could it never must, become a universal creditor.

Now we come last to consider the relationship, as existing in the constituted order of society, between the forms of public economy, capitalistic modes of industry, and disinterested liberality. Owing to the salutary results of the principles of capitalism to produce, consume, and distribute all commodities in the cheapest and most effectual manner, the state leans upon it for support. Wherever it can be done the state leaves it to capitalistic enterprise to carry out public works, and to accept tenders for requisite supplies; it leans on liberality for support in the creation of benevolent institutions, honorary offices, and the activity of party politics. In return, the state supplements by its public functions what is needed to the capitalistic and private system of economy; and in their mutual support, and the proportionate development of every member in the community, we see the carrying out of the principles of national or political economy.

Here too we may observe the state authority first arising from the patriarchal form of the family, resting on the authority of the church or feudal proprietorships, gradually tends to constitutional forms of government. Later, the state hands over some of its functions to be performed by capitalistic private and col-

lective enterprise, and concentrates its powers towards the fuller development of its own peculiar branches. Thus it undergoes a similar morphology and is being moulded according to similar laws of development, to those prevailing, as we saw, in social economy. To return then to a public state communism, pure and simple, as the best mode of the world's economy, instead of simply purifying and further developing our present capitalistic forms, would be a lamentable step backwards.

But we could not go back even if we would, no more than we can hope for that ideal reaction to universal brotherhood for which French artisans are sighing, nor to that pristine family union of the whole human race dreamed of by another section of communists, moved by Christian love. Individualization is the product of a more civilized state of society; just as community of interests, or having all things in common, is the most natural result of primitive forms of society, where the respect for patriarch or priest relegates to those authorities all power in social matters, and where abundance of rich uncultivated soil and simple requirements admit of undiscriminating use by all of the common property. That "invisible" community which unites all nations and different parts of the earth by means of commercial relations, and which heightens the interest in private property, is recognised in a later and more advanced age. The increase of population demands more intense economic effort in every individual member engaged in the struggle for existence; it would therefore be a fatal error to return to those earlier forms which prevailed under conditions which no longer exist.

The causes which led to the disappearance of the common exclude the adoption of that division of land which is clamoured for in our day by agrarian socialists.

But, whilst we regard any propagandism for community of property in land as a fatal reaction, we do not oppose a reform of the present system of land ownership in a direction towards co-operative proprietorship; in a period of unprecedented economic intensity and a constant increase of population, not only private but federal proprietorship seems indispensable.

In conclusion, let us add the authority of Aristotle in confirmation of the propositions laid down in this chapter. In spite of his imperfect conceptions regarding capital, his arguments against Plato's communism are well worth quoting. He starts from a most important fact in human experience, that "all men regard most what is their own, and care less for common property, or only just as much as concerns them"; that the brother or father of two thousand would be worse off than the cousin of a few. Which is better, he asks, for every one to say "this is mine," while they apply it equally to two thousand or ten thousand, or to say "this is mine" under our present form of government? "for sure," he says, "it is better for any one to be a nephew in his private capacity than a son after this manner." See "Politics," Book ii., 3. (Congreve ed., p. 51 *et seq.*; Bohn's trans., p. 38.)

Again, this great philosopher of antiquity shows how devoted liberality can only exist where there are close personal relations; "a little sweet mingled with much water disappears in the mixture." Respecting the three kinds of agricultural communism by the state, he fears a chief difficulty would arise in the dissatisfaction of those "who receive less though they work more." And in this respect Aristotle pointedly shows how that which Proudhon calls the "extortion practised by the powerful against the weak" will take place also in a

community of goods; he recommends therefore private property. He shows that private property, so far from being the cause of quarrels and crimes, rather tends by a careful demarcation of *meum* and *tuum* to establish peace and contentment as far as possible. The likelihood of increased quarrels in the ideal communistic state is shown by the fact that even good friends are likely to fall out in a journey. Thus he defends property against communistic complaints ancient and modern. He also points out how liberality prompted by moral motives has a place in the economic system; "from a principle of virtue," he says, "they will perform good offices to each other according to the proverb 'all things are common among friends.'" He is not ignorant of the enjoyment which lies in the consciousness of possessing and being able to distribute property, and that communism would prevent liberality; for, he says, without private property "no one can appear liberal, or do any generous action." He is finally very decided against reducing society too much to state government. He shows how those who would make the state too much one (*τοῖς λίαν ἓν ποιοῦσι τὴν πόλιν*) destroy thereby its very existence, it would be the same as wishing to reduce "symphony to homophony, or rhythm to one single foot." Such are the opinions of that great political and social economist; they show how far he was from sharing the opinions of modern socialists, who would reduce all forms of society to one monotonous system.

CHAPTER III.

Capitalistic Forms of Industry, Property, and Income.—Function of Capital in Production and Distribution.—Comparative View and Analysis of the different Forms of Industry: Private, Co-operative, and Combined.—Objective Power of Capital, and Subjective Functions of the Capitalist in the various Forms of Industry.—Results of the foregoing Comparison in favour of the Co-operative System.—Permanent use of all Forms vindicated.—The gradual Morphology of Economic Forms culminating in Federalism.—Income in the forms of Interest, Profit, Rent, specially Ground-rent.—The Rights of Property, Private and Collective, not excluded from the Federal System.—Prospects of the ultimate Triumph of Federal Principles, leading to a better Distribution of Property and Income.

In our modern economic system the leading organ, the motor of all economic exertion, as has been repeatedly stated, is capital and capitalistic enterprise. The position of the capitalist, and the nature of capitalistic forms of industry and property therefore, demand a separate and fuller treatment in this chapter. In the earlier part of this volume we have dwelt on the importance of capitalistic enterprise, and have pointed out how the movements of all productive forces are dependent on and directed by capital. We shall now endeavour to analyse, and compare with each other, the various capitalistic forms of industry, showing their relative merits and adaptability as well as their mutual dependence. But before doing so we must premise what applies in general to all capitalistic forms. We have to remind the reader that, the soul of all capitalistic forms of industry

being competition, the motive force in the economic process is chiefly self-interest. The instruments, on the other hand, are in every case capital property and organized labour. The manufacturer of woollen goods requires the raw material, wool, in the first instance, which has been previously prepared for him by the sheep farmer and others, passing through several hands before it reaches him. He requires besides machinery, buildings, etc., in order to transform the raw material into articles of wearing apparel. And in order to this he must have property, or capital, for carrying on his business. So too, in order to the best organization of labour, his own as well as that of the employed, money or previously accumulated capital property is required, to maintain the labourers during the process of production; whether it be private capital or the invested capital of others who share the profits, some capital there must be to begin the business at all.

The world's commerce and the economic organization of society in this way depend entirely on capitalistic enterprise.

In the production of wealth the leadership of capital has been proved to be indispensable (see Book I., chap. iv.). So too, in the distribution of it, the enterprising capitalists make excellent general paymasters of society. They, in the existing order of things, like so many appointed agents in a wonderfully simple system of discharging the claims and liquidating the debts of mankind, do the work of distributing national wealth. They do this unconsciously indeed, whilst pursuing their own objects; but they do it more business-like and more justly than the best paid officials could do in a communistic or socialistic society.

To make this clear, we may allude to the importance

of that portion of enterprising capital which is known as working or circulating capital, used either for the purpose of paying wages, or the purchase of raw material, etc., etc. Whole generations of labourers, in a manufacturing district, may secure constant employment in, and devote their undivided attention to, this particular branch of industry; and this simply because an enterprising capitalist and his successors devote themselves to some particular manufactures. The labourer pays those who work for him in supplying him with the necessaries of life, out of the wages fund of the capitalist who employs him. He, the capitalist, again makes himself paid for his capital and labour, in the sale of manufactured goods. He becomes thus a mediator between both the interested parties, the labourer and the public, and unnecessary conflicts between these negotiating parties are avoided by the simple process of paying wages. Again, by means of the fund set apart for the purchase of raw material and goods, the cloth manufacturer, in paying for the required wool, coal, and oil used in preparing the articles for his future customers, pays once for all the wages of Australian sheep farmers, who get ready the raw material, of the shippers, and various labourers engaged in its transport. He pays the miner who gets the coal, and the grower of rape-seed which yields the oil, or those who procure petroleum, as the case may be, in Galicia or America. So too he pays for the rent of land, the use of machinery, of buildings, and the means of conveyance, and all this for services and uses, dating back perhaps many years, and performed may be in another hemisphere. A long chain of persons employed before and after the manufacture of a given article is thus made more or less dependent on the enterprising capitalist who embarks at his own risk in its manu-

facture. But for this simple system, how difficult would it be to carry on the commercial intercourse of the human race! What if the Australian sheep farmer had to settle with the cloth consumer of London? Without this system there never could be a joint production, as now, carried on unintermittingly between the antipodes; without it there could be no such thing as a system of economy, extending all over the globe.

Similarly, if we turn our attention to the use of fixed capital, we shall find that this sort of capital forms an equally indispensable means for connecting all human economies into one great community of production, extending over all time and space. To take an example. A Hungarian landlord gets agricultural machinery from England, to save wages, which are high in his own country. It will take ten, twenty, or thirty years before this machinery is worn out, and thus repays his outlay. He pays beforehand for this use in paying the price of the machinery in cash, and it thus becomes fixed capital. The rails on the line of railroad by which this machinery is sent to him have been paid for thirty years ago, and constitute the fixed capital of the company. Thus fixed capital serves to satisfy beforehand the claims of labourers, whose work it may take generations to use out; the reimbursement of the capitalist follows slowly in due course of time. Thus capital property, fixed or circulating, brings about the most satisfactory intercommunication, and interlacing relationship of multifarious interests. It provides for the most constant renewals and the most salutary changes demanded in the several branches of the process of production and reproduction. It prepays, wherever the nature of the case demands it, for preparatory labour. It reimburses these advances by consequent charges levied from the ultimate

consumers. And be it remembered all this is done with a sense of responsibility, and this feeling of responsibility leads the capitalist to buy in the cheapest and sell in the dearest market. He simply follows his guiding star, profit; and whilst he seeks to advance his own interest he, in doing so, serves the common interests of humanity and civilization.

Thus the capitalistic organization is a perfectly free, elastic system of co-operation, cosmopolitan and broad in principle, as regards the individual, and uniting all the members of society into a confederation for the production of wealth and diffusion of general prosperity. The movements of all individual economic bodies are perfectly free, but they tend at the same time to one common centre, and that is profit. Thus they fulfil their mission, and pursue according to economic laws their courses in the system of universal economy.

There are disharmonies indeed in this system, as has been acknowledged again and again in the course of these inquiries. There are remedies at hand to obviate some of the difficulties, and remove those abuses which form the social question of the day. A discussion of those remedies we shall reserve for the last chapter. At present we have merely to do with the nature of the various capitalistic forms of industry; we proceed therefore to give a succinct analysis of them, especially with a view to show the comparative merits of private and co-operative modes of industrial enterprise. Here we shall find that the faults of capitalism may reappear again in federalism; that co-operative modes of industry, so far from making capitalism unnecessary and entirely supplanting it, are themselves capitalistic in principle.

We have above observed certain functions which are common to all forms of capitalistic enterprise; we shall

now point out differences which are peculiar to those forms. From this we shall learn that all forms have their own uses and peculiar advantages, and also are liable to specific abuses, and subject to peculiar disadvantages, according to their essential nature and their own distinctive objects.

We distinguish in the first place, broadly, private enterprise from that carried on by the co-operative association. In the former, one head guides the enterprise, incurs the risk, and pockets the profits; while those who work under him are paid in fixed wages, and have no further interest in the process: this mode of carrying on industry may be compared to autocratic modes of political government. When several individual capitalists join in the same enterprise they form a company, limited or unlimited, which may contain shareholders out of the public, or may simply consist of partners: this form of private enterprise may be compared to a corporation, as distinguished from a monarchical autocracy in politics. Co-operative or federal modes of enterprise may be characterized as that sort of enterprise in which every member—those who direct the labour as well as those who are engaged in it—stake some capital; here all share the risk and profits in given proportions, all take part in the direction, and all are amenable to the same constitutional laws; here the industrial process is directed not by private but public authority: the co-operative society may be likened to a political democracy, in which the sovereignty of the people is paramount. According to the modern law in France a co-operative society is called "*société à capital variable,*" to distinguish it from the limited joint stock company and other partnerships and commercial companies. And this title is very characteristic, pointing out the nature and objects of the co-oper-

ative systems, which have this peculiarity, that capital property is formed gradually and may vary in proportion to the numbers and the saving capacity of individual members, more or less depending on the prosperity and the rules of the society.

Besides those two distinct forms of capitalistic enterprise, there are also mixed forms in which private and association enterprise are combined. Such for example is the industrial partnership, where the authority of the employer is still recognised, and yet where the wages labourer shares to some extent in the profits.

Then again private enterprise may be helped on and supplemented by a combination of the members who engage in it into consuming associations, or in clubbing together for the purposes of insurance, credit, the common use of machinery, magazines and the like aids of extensive industry. Such combinations mark the transition state from small private enterprise to wholesale production, carried on collectively by the co-operative association. The post-office savings bank and insurance, which are public institutions in England, in a similar manner supplement domestic economy. A further combination among the associations themselves, such as that between the productive co-operative association and those supplementary ones which we have just now mentioned, may ultimately lead to very excellent results in perfecting and developing the co-operative system.

Let us now compare in two points of view the relative merits of those forms of industry and their combinations which have just been mentioned. First let us take an objective point of view, *i.e.* with regard to the power of capital inherent in each of them, and next the subjective point of view, *i.e.* with regard to the power of the persons on whom devolves the duty of direction. The power of

creating capital varies of course in proportion to the power of saving in any of the several forms of industry. In private enterprise the capital employed is the result of former optional savings; in co-operative enterprise present saving is compulsory on every member of the association. In this respect therefore the co-operative system has the advantage. It serves as an elementary school, training the most improvident classes to save, and in doing so laying the basis of their own future prosperity and independence. But on the other hand commercial enterprise on a large scale, requiring the investment of large capital, is more adapted for private speculation. A co-operative society of small tradesmen or labourers cannot venture too far in such undertakings, being limited by its own capital. The success of the central distributive stores shows indeed to what extent the co-operative system admits of development. At the same time great undertakings, such as the laying down of new and extensive lines of railway or the carrying on of wholesale commercial intercourse, must be left for the present to private enterprise and commercial companies, with their almost unlimited resources and credit. This is not a discouraging view of the co-operative system; on the contrary, it only shows the gradual and sure growth of a new form of industry such as might be naturally anticipated. When the full development shall have been reached, and the higher education of the members of such associations shall have been finally completed, then too the time will have arrived when a union of all the associations among themselves, with their accumulated capital and experience, will enable them to embark on enterprises of the largest dimensions. Practically, as well as logically, small beginnings must form the starting-point of an institution like the co-operative association which is still in its incipient growth.

Companies, owing to their almost unlimited resources as to capital and credit, have the advantage over the private capitalist as well as over the co-operative association, as far as the power of capital in respect of quantity is concerned. With regard to quality, or rather the security of invested capital, the co-operative society has the advantage of being independent of the whims and uncertainties of individuals, and personal vicissitudes. This is true likewise, almost to a fault, of the commercial company; here too personal matters are of comparatively little importance. Suppose out of one thousand shareholders nine hundred and ninety-nine are impoverished or reduced in circumstances by mismanagement of their private establishments and a sudden misfortune in the families, still the fund of the company remains the same (except where the company allows sudden removals of partners, which implies the withdrawal of their subscribed capital); but the continuity and success of private enterprise are always in danger, because it depends entirely on the life and organizing power of one individual.

The elasticity, or in other words the power of expanding and contracting capital which has already been invested or funded, varies likewise in the different forms of industry. In companies the expansion may be brought about very suddenly and to an enormous extent by a fresh issue of shares; in the private business and in partnerships the growth is more organic, and of slow development. The co-operative association has here again peculiar advantages; its peculiar function is an organized and compulsory accumulation of capital, free from all personal influences. There is a constant reserve fund, always on the increase; no sudden and extensive withdrawals out of the invested fund, and no detri-

mental consequences occasioned by deaths and removals of individual members, prevent its progressive expansion up to a certain point; its credit is sound, and strengthened by the fact that all the members, who are also the creditors, know the exact state of affairs, and know how to accommodate themselves to circumstances for the common interest of the association enterprise, which is also their own; they would not, if they could, hasten a crisis by sudden withdrawals. There are limits, circumscribed by the number of members, some salutary limits, to this healthy expansion of capital; the co-operative society has on the whole, however, the advantage of a free formation, preservation, distribution, and extension of the capital of the lower and the lower middle classes. It does not crush, by preponderating large accumulations of capital, its competitors, and at the same time becomes a most powerful competitor of great capitalists, whose authoritative egoism it combats by an organization which in its inner arrangements is perfectly free.

The mercantile company differs from the co-operative association in this, that the profits flow back into different channels by distribution of dividends among the shareholders. Its fund is not, as in the case of the latter, augmented by saving part of the profits and adding them to the general fund of the company. By issuing new and additional shares the funds indeed may be augmented in cases of emergency, and in this way the mercantile company has the advantage over the co-operative association. But such sudden expansion is not natural and organic, but of a nature adapted more for those undertakings on a large scale which require colossal investments at the beginning, and spasmodic expansions of capital from time to time, *e.g.* railways

which add new lines to old ones already existing, etc., etc.

But it may become necessary at times to withdraw part or the whole of invested capital from such branches of industry as have discontinued being remunerative; the contraction as well as the expansion of the capital invested may become very desirable. The question then in such a case is, which form of industry affords the best means for doing so? The transfer of invested capital from one enterprise to another evidently is more easily effected, *cæteris paribus*, in a private business and in simple partnerships than in the co-operative society or the commercial company. The sole manager of a firm or the chief of a partnership has full power to divert at any moment capital from an unproductive branch of business into a more remunerative channel. A company on the other hand is more unwieldy in its inner arrangements, and cannot easily divert its funds from one mercantile speculation to another. If it could, its objects would at once appear too vague and complex; it would require periodically alterations in its fundamental statutes, which would sap the foundation of that security which inspires and deserves public confidence.

The co-operative association is in a peculiar position, having the same difficulty in changing its objects of enterprise. The direction indeed is left to elected members, but its special objects are of a settled nature. If it is a productive society of masons, tailors, and the like, it must abide by those callings and follow the same pursuits without change. If the capital of co-operative associations for supplementing the private wants of members has its own appointed functions, then to divert it from such purposes would be splitting the society into atoms. The capital, however, of the association increases or

diminishes in proportion to the increased or diminished number of the members which constitute it. This brings about a natural contraction and expansion of its capital, within the limits of safety and steady elasticity.*

Besides the power of expansion and contraction of capital in the various forms of industry, there is the power of supplementing it by means of credit, *i.e.* the loan of movable and immovable property. The worst kind of credit, unproductive borrowing, is least to be feared in the co-operative association, on account of the entire separation of the interests of the association, as such, and its component members respectively.

Similarly the abuse of credit in commercial transactions, keeping open accounts, both in wholesale and retail trade, is here discouraged. Both in town and country, in agriculture and the industry of towns, carried on according to co-operative principles, the loans required are obtained from those supplementary institutions, as co-operative credit banks, etc., which are founded on the same principle; and high interest and usury are here out of the question. The precarious holdings and exorbitant ground-rents in vogue under a system of large landed proprietorship, have no place in co-operative modes of agricultural industry.† So too the exorbitant house-rents in great industrial centres are gradually brought down by the co-operative building societies and similar associations, affording cheap dwellings to the labourer.

In the case of productive credit, that is credit which assists commercial enterprise, the different forms of

* On the conditions implied in making the above statement, see Dr. Schäffle's "Kapitalismus und Socialismus," p. 537 *et seq.*

† Since the above was written, the passing of the Irish Land Act has considerably modified the precarious nature of the tenure of land within a portion of the British empire.

industry vary considerably. The sole manager of a private industrial undertaking has only a limited credit in strict proportion to his available stock in trade, and the amount of confidence he can personally inspire with respect to his enterprise and solvency. He is hampered moreover by competition, from drawing too largely on his credit, since a business free from debt can easily undersell one which is not. In a still higher degree the co-operative association is averse to over indebtedness. It is unwilling to avail itself of capital loans tendered by persons not belonging to the association. Its own members furnish the requisite sums, and the solidarity of interests influences the directing members in the use of them, and the contributors in providing them and leaving them at the disposal of the association. As the richest members contribute the largest share, they are likely to occupy an influential position, and in that they will jealously watch over their own interest and so ward off any abuse of credit. Thus, whilst the association is perfectly free from those vicissitudes which are referable to the members personally, the moral influence of those members is nevertheless felt sufficiently to prevent any undue extension and permanent use of borrowed capital.

Very different from this is the position of companies with regard to credit. The public company, like the state, has an almost unlimited credit, and is apt to make a constant use of it. The creditors are not critics, largely acquainted with its internal affairs, its prospects, or entanglements. A series of shares may be emitted, temporary difficulties may be staved over by state help, and there is every inducement for permanently using borrowed money. Managers want their shares to rise in the price-list, and know that the shareholders want large dividends. Accordingly the profits are distributed in

high dividends, instead of being in part used for the liquidation of debts. Much room is left here for abuse of credit, the founding of banks and companies which want the chief element of security. Much encouragement has been given in this way to modern speculation bubbles and swindling concerns, which enrich the few initiated wire-pullers, who constitute the central authority and spread ruin among the too credulous public, seeking profitable investments, who form the economic periphery.

There are advantages on the other hand, in this unlimited credit of companies, enabling them to undertake great works of public utility, which are too enormous in extent for private enterprise, and not exactly adapted for the co-operative association. But these advantages (as in the case of railways) might be attained by the free state assuming the functions of companies, especially as these advantages are accompanied by many and great dangers which are attached to the system.

Thus much about the objective power of capital inherent in the several forms of industry. We now pass to a consideration of the subjective or personal powers displayed in directing and carrying out the industrial process in the private, the co-operative, and the collective forms of industry respectively. And first with regard to personal risk, to which all alike are liable. The hope of gain which leads to any industrial enterprise is always accompanied by a fear of contingent loss. The risk may be incurred by one person, as in the case of the private business; or the amount risked may be distributed among many, as in the case of commercial companies, industrial partnerships, and the co-operative association. Again, the amount of risk depends on the limited or unlimited liability of the persons concerned.

Now in any private undertaking the risk is undivided

and unlimited. This has the salutary effect of strengthening the feeling of responsibility, and counteracting the impulse of over speculation; and since it presupposes the special adaptability of the enterprising capitalist for the undertaking over which he presides, this is by far the most powerful mode of carrying on industry.

The company, with its numerous shareholders, distributes the risk among these. The risk is here very great, and the chances are incommensurable, so as to deter private capital from solely incurring them. For example, a line of submarine telegraph is an expensive undertaking, with very doubtful results; the risk here has to be distributed among many, and must be limited in extent in the case of every individual subscriber; or else the experiment will not be tried.

The third case is that where the risk is distributed among the members of the co-operative association or the joint-stock company, *pro rata, i.e.* according to the respective contributions of capital, but where eventually the liability becomes unlimited. This has its advantages in special cases. Towards those without the society this solidarity of the joint property of all the members affords substantial security; with regard to the interests of the members themselves, it tends to quicken the feelings of responsibility and leads to controlling watchfulness. The liability of all prevents the number of associates admitted rising to an extent which would render personal knowledge and intercourse difficult, as indiscriminate multiplication of members would be highly dangerous. This too prevents an undue limitless expansion of trade and capitalistic monopoly being developed in the association.

Next to the investigation of passive risk comes that of the active part taken in founding or carrying on the

business by the directors in the different forms of commercial enterprise. In the starting of any new undertaking the shareholders of the company are least actively engaged, and the greatest dangers attend it *in statu nascenti*. In the private business the foundation is the most solid, the co-operative association in this respect holds a place between the other two. The reason of this is that the private speculator is most wary and conscientious, since his own property and not that of others is staked in the enterprise. The company on the other hand may be formed with capital belonging to others, and the original founders may be unscrupulous and dishonest, founding often only for the sake of founding, and so enriching themselves at the expense of the public. It is very difficult sometimes to detect beforehand the faults, or subsequently to judge of the impracticability or insolvency of the undertaking until it is too late, and the money invested may thus be sunk without hope of recovery.*

It is not so in the case of co-operative associations, for though founded by patrons who start the business, the capital invested has to be gradually and painfully saved by the members belonging to the society, and they together with the originators of the scheme are responsible. The danger here is not premeditated swindle on the part of the chief actors of the concern, such as is possible in companies, but the comparative inexperience and ignorance of the founders, and their over sanguine expectations,

* An instance of this is the case of the house of Overend, Gurney & Co., London, who failed in 1866, the Friday on which this happened being called *Black* Friday in the city. It opened the eyes of the public to the fact that a joint-stock company may outwardly appear perfectly solvent and prosperous, whilst its real condition is one of utter decay.

which are equally dangerous to the prosperity of the undertaking.

After the first embarking on any new commercial enterprise, the superintendence and further development of it must be committed to safe hands. Disposing of capital in buying and selling, organizing and controlling labour, supervision of the use of material and instruments, and the regulation of cash accounts and bookkeeping—all these form the duties of the head of any establishment, private or public. Fixed property, and more especially circulating capital, have to be husbanded, and in our present inquiry we must ascertain where, *i.e.* in which of the forms of industry, this is done in the most satisfactory manner. These duties are best performed by the head of a commercial firm, where quick returns and a wise disposition of capital and labour are of the utmost importance, and where moreover cool calculation combined with prompt decision in certain emergencies are indispensable; where his own interests are at stake, as in the private business, he will feel most deeply his own responsibility.

On the other hand the paid director of a company, with no interest or only an inconsiderable interest in the concern, is less trustworthy, as there is the temptation of unconscious or reprehensible neglect, or even dishonesty. The director may do private business of his own, to the great injury of the company whose affairs he knows how to utilize for selfish ends. Experience, as treasured up in criminal statistics, verifies the truth of this aspersion. Moreover the company is least adapted for such commercial transactions where quick returns are of importance, as it moves too slowly for the purpose. Commercial companies, both in ancient and modern days, in their competition with private firms and open partnerships

have generally failed. On the other hand, in the working of the great institutions of communication, where the fixed capital invested is repaid slowly, the company has the best means of driving competition out of the field.

The open partnership and the co-operative association have superior advantages in this respect, inasmuch as they extend responsibility over a wider field, making all the directors responsible, they being liable to the whole extent of their personal property. Besides, there is in different localities and in a variety of measures the same unity of purpose and coincidence of interests. In the co-operative association, both the uncertainty in the private business regarding the competency of the head, and the dangers attending the irresponsible position of the directors of a company of shareholders, are avoided. Hence it is that the co-operative stores and other associations of a similar nature have been so eminently successful. The only difficulty here is to get experienced and able directors from the beginning. This will for a long time remain a desideratum, since the co-operative society is composed of labourers chiefly. With a heightened education, and gradual growth of self-dependence of the labourer, the further extension of the co-operative system may be expected; partial success is at least no argument against it.

With regard to the organizing and controlling of labour, and the work of general supervision, the co-operative association is more favourably situated than other societary forms of industry. Both superior quantity and quality of labour, and the careful avoidance of waste in the process of production, will be ensured best here, since the leaders of the association are labourers themselves and know what to expect of their followers. The private speculator has similar advantages, but only

where he can be present himself, or where piece-work and the *tantième* system afford a similar discipline. But in the company where the shareholders, like a flock of sheep, are led about by the directors, the general control is almost nominal, the order and discipline of labour depend more or less on authority. And this is the weakest point of the co-operative system. Authority in a democracy is not so easily upheld. This power is felt and exercised with advantage in the patriarchate of the family, and in the despotic systems of capitalistic enterprise, whether undertaken by one master or by many; the directory of a company and the head of a firm are invested with authority to a considerable degree. The dictatorship even in a co-operative association often becomes a case of necessity, on account of the feebleness of authority lodged with the governing body. This is a great disadvantage, and is only in part counterbalanced by the fact that self-interest, the consciousness of common risks, and the higher state of education presupposed in labourers who thus combine, make discipline by authority less necessary than in other forms of industry.*

The last point of comparison on this head is the position of those who are delegated to dispose of the capital invested in the various forms of industry respectively. It is simple enough in the private firm. The head of the firm is an absolute monarch, and is also himself alone absolutely responsible; and this is a great advantage. In collective forms of industry, under different forms of association, as in the directory of an aristocratic republic, the central power of action is more limited. Here

* See a full exposition (too lengthy to be admitted here) on the disadvantages and possible disharmonies in the co-operative system, in Dr. Schäffle's "Kapitalismus und Socialismus," pp. 508 *et seq.*

much room is left for contrariety of plan, for contradiction, intrigues, and mutual defrauding, which often bring about at last dissolution and decay. This distribution of authority hampers more especially the power of direction in the shareholding company. The director depends on the governing body and the revising committees; and these again are responsible to the general meeting.

Where this distribution of power is only nominal, and where the director is a bad manager, the members of the committees only dummies with an imposing name, or canker-worms who creep in for a sinecure, general failure must follow. Where the director is an able and faithful steward, the unity of purpose of the company concentrated in him personally, allowing him to act freely, will contribute largely towards the success of the undertaking.

In the co-operative association the drawbacks are not the same as in the company. Here the danger is rather over responsibility and overmuch controlling power on the part of the governed. There is the danger of permanent agitations and factions, sudden changes of government, and a despotic power exercised by the majority of members over the directing body; the worst members may become the most baleful, as well as the most powerful, agitators. Here therefore, as in democratic republics, the virtue and intelligence of the component members are of the utmost importance. It is remarkable that co-operative associations have only hitherto prospered where the interference of the members generally in the direction of affairs is, by the nature of the case, precluded.

The industrial partnership, in admitting the labourer to a share of the profits, and still maintaining the authority of the enterprising capitalist, obviates these difficulties arising in the more democratic government of the

co-operative system, and provides the concentrated capital at the starting of the industrial undertaking which the co-operative association finds it so difficult to accumulate. And in addition to this it ensures the partnership of persons of approved business habits necessary for its success. The industrial partnership forms in this way a transition state to more extensive forms of industry on the co-operative principle.

Besides original risk and the subjective qualifications for carrying on the industrial process, there is a third subjective consideration, *i.e.* the amount of executive labour undertaken by the directing head, which has to be carefully distinguished from the labour done by those whom he employs. This is a second sort of risk he incurs. If his undertaking fails, he remains unremunerated for this amount of exertion on his part. In the co-operative association this risk is added to the risk of capital in all undertakings; and this encourages increased economy, and entitles those who incur either risk to a proportionate participation in the profits. Socialists generally ignore this executive participation of the capitalist in the work of the concern, and the assistance rendered by his capital to enhance its ultimate success. They would lower the dignity of the enterprising capitalist in putting his efforts on a par with those of the wages labourer. This is levelling down instead of levelling up, the latter course being really conducive to general progress. It is better for the labourer gradually to become a capitalist himself, and to incur part of the risk, as he does in the co-operative association, than for the capitalist to be degraded to his low level. This in the course of time (we do not pretend to say how long it may take) would lead to an economic and moral reform in the social system, where the slavery of the working-

man and the comparatively unproductive occupations of the plutocratic classes shall find no place, where self-reliance and independence shall have become universal.

From what has been said of the different forms of industry, both as to their advantages and disadvantages, the following conclusions may be drawn as to their comparative merits and demerits, and their relative importance and usefulness. Private forms of industry will yet continue for a long time to maintain their place, especially where personal responsibility, individual ability, and promptitude of action are indispensable, as in the case of wholesale trade, and in all undertakings where circulating capital is chiefly employed. Private business will also remain a necessity in those branches of industry which require little capital and rather individual or personal qualifications and artistic skill, *e.g.* industry carried on in the house, work done by the hand, the culture of plants which form articles of commerce, the minor trades, and also the ideal or scientific industry of the liberal professions. The position of commercial companies and various kinds of partnerships, with limited and unlimited liability will be always secured for them where their advantages are most felt and their disadvantages are least perceptible. Where more than one head seems necessary for the conduct of business, partnerships will be formed. This form of industry, as well as the shareholding company, however, though specially adapted for the purposes which have been mentioned before (great undertakings requiring enormous capital to be subscribed, and a distribution of authority), still may in time partly at least be displaced by that competitor which possesses many of their advantages without their disadvantages, namely, the co-operative association.

The growth of these associations, however, especially for the purposes of production, must be slow and gradual, and will depend in great measure on the development mentally and morally of the lower orders of society, and the attention and encouragement this receives from the state. Precipitate reforms tending towards this direction are not desirable. But with a growing self-consciousness among the labouring classes, and a consequent unwillingness to be dependent entirely on their employers, the employers themselves, tired of the conflict with their unwilling instruments, will admit them into a partial partnership for their own comfort and their own interests. The first step having thus been once taken (and the first step is always the most difficult), the societary system will gain more general recognition. Private capital will soon appreciate the advantages to be reaped from its adoption; in the fulness of time, when both the contending parties shall have been trained by experience to co-operate with cordiality and mutual respect, the state may proceed to perfect the work in passing such measures as may complete and consolidate the new order of things.

Lassalle, and socialists generally, want a sudden slap-dash social change, and the uniform adoption of the societary system. This would cause much mischief and do little or no good, and is contrary to what experience leads us to expect. New forms in the social organization have always grown up slowly by the side of those they were intended to supersede. They ripened gradually like children, by reason of the germ of development within them, as well as by the fostering care of the political organs of power without. If the bright sides of federalism are such as we have shown them to be, there is no cause of fear as to its

ultimate success. There is no occasion to call in state help, such as Lassalle demands, for a radical change of the existing order of things, and experiments on a large scale to transform the capitalistic forms of industry into the co-operative system.

This investigation of the different capitalistic forms has rather led us to the same result which we have in a general way before indicated as to the origin, permanent use, and further development of all the various forms of industry. We rather observe a slow and natural morphological sequence, higher forms rising out of the lower, more free and independent forms issuing out of more restricted and exclusive ones in the course of history.

Among the capitalistic forms of industry we see first the private business with its authoritative head developed out of the less free forms of the family, feudal, and corporative economies. It did not entirely supersede the latter, but assigned them their proper functions. At the same time it admitted of a combination of individuals in the social economy, more free, more extensive, and distributive, than was known before. Side by side with it the collective forms of industry began to flourish, private companies and commercial associations were founded, which still maintained the authority of the capitalist; and where they admit the labourer to a share of the profits, opening the way to federalism or the co-operative system. This system grows naturally out of the others, with no prospect of superseding them entirely. It differs from the rest in eliminating the distinction of employer and employed, but amalgamates extensively with them; it not only surpasses them in the economic distribution of labour, but is as a collective industrial personality far more elastic and independent

than the rest, more free from influences of a personal nature; in short, rather organic than mechanic in its machinery.

Moreover, the co-operative association promises to communicate in a measure its own nature and spirit to the other forms of industrial enterprise. It influences for good the scale of wages; it improves the existing system of friendly societies, and replaces doubtful charitable institutions by mutual benefit societies. Its influences on public life too promise very favourably. There will be a natural reaction between self-government in the industrial process and self-government of members in the body politic, as has been pointed out in a previous chapter.

What has been said as to the permanent use of the various forms of industry, in their proper place and according to their relative importance, may be predicated in like manner of the existing capitalistic forms of income and property. All wild dreams respecting the partial or entire abolition of the latter can find no countenance in these pages. Wages, interest, and profit, which constitute the different forms of capitalistic income, are not likely to disappear from any future economic system, whatever its nature or its name may be. It is scarcely probable that a time will come when interest and wages will be displaced by a distribution of dividends among the members of co-operative associations. Interest, which is the reward for the use of capital property, will always remain a strong incentive for the accumulation of wealth, and has other advantages already mentioned. The condition of wages will remain an important question so long as masters and men exist; both profit by the arrangement.

Profit, as we have seen, is the soul of all economic life;

and, however much its unequal distribution may be lamented, it cannot be entirely corrected even in the co-operative system. Extraordinary profits in trade, extraordinary incomes, as in the case of ground-rents, owing to the favourable situation of lands for cultivation or building in the case of the latter, and to a special adaptation of means to profitable investments as to the former, are premiums so to speak paid for certain superior advantages and their wise utilization.

Socialists are constantly attacking ground-rent, which has been the subject of much controversy in modern times. It has been characterized as a "monopoly of nature," and an unjustifiable egoistic appropriation, on the part of a few, of those natural resources which nature has freely provided for all. Socialists therefore demand the confiscation of all land by the state, and its being rendered public property.

Without entering fully into this controversy, we would simply notice that the interests of society will be best served by the existing system, not only by holding out these high premiums paid to the highest talent, the most exquisite skill, but also for the highest economic utilization of the productive forces of nature, in the case of ground-rent. As things are, an impulse is given to the most fruitful and well-ordered colonisation, the wisest distribution of personal productive powers, the heightening of local exertion for improved agriculture, and the extension of means of communication; in short, it largely assists by a wise distribution of forces towards a more intensified culture of the soil, *i.e.* a more productive utilization of the factor of nature. Ground-rent is not so much a mere present of nature, but under normal constitution of the rights of property it corresponds to a reward for economic services rendered

to society. Where ground-rent rises to an extraordinary extent, without any effort on the part of the possessor, a progressive mode of taxation may be adopted as an exceptional means of equalization.

The real equalization of income, or a more even distribution of property, is not to be sought in confiscation and reactionary reform in a communistic direction, but rather in a more extensive participation of the lower classes in a general system of co-operative agriculture. In such a system every individual member has a share in the profits, and draws a portion of ground-rents. This may not be equally applicable to the case of ground-rents for building in towns; but the difficulty here may be obviated by appropriate special taxation.

Thus here again the advantages of the federal system make themselves felt in a more proportionate reward of labour, in a more equalized distribution of the ground-rent, and a more careful guarding against impoverishment and misery which is now occasioned by every new mechanical discovery. For the co-operative system of production is surrounded by a circle of other associations for the purpose of insurance and mutual assistance. The money-making tendency of capitalism, which allows an undue accumulation of profit, rent, and interest, or dividends, in the hands of few, is limited by the co-operative association which tends to provide rather a moderate income for the many. It gives no encouragement to brutal resistance on the part of labour towards capital; it rather demands an important moral and intellectual elevation of the labouring classes themselves. To quote the words of J. Stuart Mill: "If the improvement which even triumphant military despotism has only retarded, not stopped, shall continue its course, there can be little doubt that the status of hired labourers will

gradually tend to confine itself to the description of workpeople whose low moral qualities render them unfit for anything more independent, and that the relation of masters and workpeople will be gradually superseded by partnership in one of two forms: in some cases association of the labourers with the capitalist; in others and perhaps finally in all, association of labourers among themselves."*

Nor need there be any fears entertained for existing forms of property in consequence of the assumption of proprietary rights by the present non-possessing classes. The nature of their collective property differs but very little in kind from private property in our existing capitalistic system. The creation of a federal form of property, itself developed out of capitalism, exercises a healthy influence on the various forms of capitalistic industry. It lays the basis for the most general and the most productive development in the superintendence and performance of labour. Without limiting individual liberty, it establishes a social solidarity of interests, and thus assists at the same time the self-development of the individual and the common interests of society. It collects with organized regularity the small contributions of saving individualities into the savings bank of the association. It arms with this fund, which is carefully and constitutionally secured against outward influences, all with proportionate requisites and instruments for producing wealth and diffusing general prosperity. It combines some of the advantages of individualism and communism. The totality of human interests is not here overlooked, and personal rights are not drowned in

* J. S. Mill, "Principles of Political Economy," Book IV., chap. vii., § 4, page 461, People's edition.

the public weal. Private and collective property coexist side by side, both equally sacred in the eyes of the law. Competition between the societary and capitalistic forms of industry will exercise a most salutary influence in purifying these forms of many of their abuses, and in removing the last remnants of injustice which cleave to them, and thus contributing towards the attainment of the great object of every branch of social science, the highest material and mental improvement of the individual and the race.

Whether this progress has been more or less impeded by the recent attitude of the labouring classes themselves, and whether or not we are entitled, from what we know of their tendency to materialistic views, to entertain very sanguine hopes as to the ultimate realization of the prospects just delineated, is a question not easily answered. At all events for the present, in order to the reconciling of the antagonism between capital and labour, a transition from our existing modes of carrying on industry to the co-operative system is not so much a pressing necessity as the organization of the labour market and the adjustment of wages, which forms the subject of fierce controversy between employers and employed at the present day.

The discussion of this subject, and that of social reform, we reserve for the next chapter.

CHAPTER IV.

Social Politics.—The Influences of Civilization and Religion.—Church and State.—The Social Duty of the Clergy.—Functions of the State in general.—Utopias only reject all State Help.—Special Cases requiring State Help in the Solution of the Social Question.—Right of Combination among the Labourers.—Courts of Conciliation.—Wages in Connection with the Equilibrium of Population.—Legal Reforms regarding the Family Rights of Women and Children.—Reform of the Poor Laws.—Reduction of the National Burdens, and remarks on Taxation generally.

THE labourer's question is not a question for the political economist alone, nor is it to be solved solely from a purely economic point of view. On the contrary, its solution is to be found in the joint operation of all the civilizing forces in society contributing towards this end. All the civilizing influences of our day must be brought to bear on social reform; science, literature, the press, art, education, and the church with its religious incentives: all these have a share in bringing about a more healthy condition among the lower strata of society. Happily, they all with the best intentions are beginning the work, although their efforts are as yet too sporadic and imperfect to be of very considerable use. Their co-operation in a more systematic manner, their acting together with as much good sense as now they are acting separately with a right good will, is still required in order to ensure social progress and a cessation of social strife.

This is not the place for treating on the importance

of cultivating better tastes, and encouraging a greater appreciation of the fine arts among the masses, so as to let in more sweetness and light into their daily life, and improving their condition, although much might be said on the influence of æsthetic enjoyments in lifting the working man out of the mire of proletarian degradation.*

A more general diffusion of economic knowledge, a better education in the technical arts, and an increased awakening of political interest among the masses, important as they are, will prove to be insufficient in themselves for healing the sores of the social body politic; the softening influences of higher culture too must exercise their important office in soothing, refining, and elevating humanity.

Upon this we cannot enter at large now. The influences of church and state, the vocation of the church in the discussion, and the province of state interference in the settlement, of social questions, shall form the only subjects of this our concluding chapter. First, then, with regard to the church.

Theologians differ very much in their appreciation of this subject, one extreme section of the clergy abstaining altogether from, and the other meddling perhaps too much with, the social politics of the day. In Germany the Roman Catholic Archbishop of Mayence, engaged in a mortal strife with the liberal party, represents the latter. In his writings there is a tendency towards siding with the social democrats, as the best means perhaps of attacking an unbelieving plutocracy.†

* On this subject see Mr. Ruskin's charming little book on "The Political Economy of Art."

† In a speech of his, published under the title, "Liberalismus, Socialismus, und Christenthum." 1871.

The motives may not be quite pure, but there can be no doubt as to the powerful influence of ecclesiastical authority thus thrown into the scale of social agitation. The religious element in human nature of the normal type is, and always will be, strong. How important therefore the vocation of the church in attending to, and if possible controlling, by her influence, or at least modifying where it appears necessary, popular movements! And this especially where her motives are pure, and where the undercurrent is not the unhallowed desire to perturb the social elements for the purpose of fishing in muddy waters for ecclesiastical influence, or hierarchical predominance.

Since all social reforms are founded on a humane spirit, and the Christian desire to banish a heathenish impoverishing of any one class by another, social reforms require the sanction of religion. The religion of Jesus, making love towards God and the brethren the fundamental principle, may therefore do much towards defining the social duties and pointing out the objects of social morality. Humanitarianism itself more or less derives its strength from Christianity; for its main moral spring is the maxim, "Love thy neighbour as thyself." From this it would appear that the doctrine of non-intervention, a sort of clerical *laissez-faire* principle, which the other extreme section of the clergy mentioned above adopt, is unjustifiable; the practical part of the religious life demands the attention of the spiritual custodian as well as the theoretic.

Now the social questions of the day are comprehended under this head of practical religion. The meddling and muddling of the clergy in such questions (where they remain ignorant of the subject) may be very objectionable; but there is no reason why they should not in a

general way acquaint themselves with social topics of such vast importance in their bearing on the religious as well as the physical and moral well-being of their people.

As a rule the Rev. Pomposity and the Rev. Platitude Plausible content themselves by preaching resignation and abstinence to the labouring people, forgetting to teach the more privileged classes their social duties towards inferiors and the sinfulness of their own extravagancies.*

It is this one-sided way of regarding the social questions of the day which has drawn upon the clergy so much odium on the part of the leaders of the working men. On the other hand, merely following the current of popular cries, the loose preaching of brotherly love and a sort of Christian communism, where everybody is to have everything at the expense of nobody, as the only bond of union in the social system, to the exclusion of the so-called worldly system of capitalism and the institutions of the state, is as unpractical as it is unsafe. The expression of these millenarian views will only make sensible men shrug their shoulders at such utopian dreams, and foolish men "to rest and be thankful," instead of pressing forward in doing their appointed task in the great mechanism of society.

To avoid all this, and in order to make the church the moral as well as the spiritual educator of the nation, political economy, as a branch of social science, and the more important problems of sociology ought to receive some attention from the clergy, if only because of the intimate connection which exists between economics

* Compare this with the words of St. James, chap. v. 1–5; and compare some excellent remarks of Canon Girdlestone's on this topic in *Macmillan's Magazine* for Sept., 1873, p. 440.

and ethics; or, as Dr. Chalmers puts it: "The intimate alliance which obtains between the economical and the moral; insomuch that the best objects of the science cannot by any possibility be realized, but by dint of prudence and virtue among the common people."* We may profitably conclude this portion of our subject in the words of the late Archbishop of Dublin, taken from his work on political economy: "To speak then comprehensively, it is a Christian duty to do good to our fellow-creatures, both in their spiritual and in their temporal concerns; and if so, it must be also a duty to study to the best of our ability to understand in what their good consists, and how it is to be promoted. To represent therefore any branch of such study as inconsistent with Christianity is to make Christianity inconsistent with itself. He who should acknowledge himself bound to feed the hungry and clothe the naked, and visit the sick and prisoners, would not be acting consistently with his profession, if he should through inattention or prejudice, or any other cause, sanction any measure that tended to increase those sufferings; or oppose, or neglect to support, any that tended to diminish them. The goods of this world are not at all a trifling concern to Christians considered as Christians. Whether indeed we ourselves shall have enjoyed a large or a small share of them, will be of no importance to us a hundred years hence; but it will be of the greatest importance whether we shall have employed the faculties and opportunities granted to us in the increase and diffusion of those benefits among others."†

We now turn to the more difficult question, namely, as to

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* See Chalmers's "Political Economy," Introduction, p. 4.

† See Whately's "Lectures on Political Economy," p. 24.

the limits of state interference in matters of social import. From what has been said already in previous chapters, it is not necessary here again to prove the incongruous position of a government which abstains from all interference whatever, standing aloof with folded arms, indifferent to social discords, rendering no assistance to social progress, and leaving to voluntaryism the carrying out of all important social reforms,—in short expecting everything in the settlement of social questions to be effected by mere self help as contradistinguished from state help. Over-little as well as over-much state help is undesirable. The individual citizen now-a-days is so intimately connected with and dependent on the movements of the great social body, and with the progressive extension of the economic circle all over the world (comprehending not only individuals but whole nations), every isolated domestic economy is drawn so completely into the general vortex of universal economy, or at least the economy of nations, that it becomes the undoubted duty of the society to protect its component members against those contingencies which arise from such a complicated system of economy.

Society, as represented by its organ of justice and power in the state, is bound to protect every individual in his sphere of usefulness, and to provide moreover that the combination of these separate individualities, according to their separate rights and duties, be as harmonious as possible, and effected in such a manner as to further common interests, whilst protecting individual freedom and the full development of the community. Without this the individual could scarcely be treated as a free and responsible member of society, as without protection of the law in following his calling he would be constantly exposed to the destructive influences of social forces

above and around him which would endanger at every step his independent social position.

With the increase of a community of interests in the course of civilization, there will therefore be felt too an increasing want of authority in maintaining social rights and social order. In other words, state help is called in for the negative purpose of protecting the individual against opposition from without and for the positive purpose of combining individuals by mutual support and the unification of all the independent forces in the state for the common good and social progress.*

There are what Mr. Mill calls the "ordinary" functions of government, referring to security of life and property, which need not be considered minutely in this place. There are others which he denominates "optional," and these come more within the province of our own consideration.

It is the duty of the state to promote the welfare of all sections of society, not only by a system of police to guard the individual against dangers affecting person and property, but also by sanitary legislation, wisely conceived poor laws, legal protection of the contracting parties in commercial transactions, and by the encouragement of every new improvement in agriculture and industrial pursuits, to increase the productivity of all the national re-

* "Der Recht äussert sich daher in der menschlichen Gesellschaft durch Geltung der Gebote: 'gib Jedem das Seine;' weise ihm die 'rechte,' richtige Stelle zu, füge Alle in Ordnung zusammen; jedes Glied wird alsdann das Ganze, dieses die Glieder stützen und tragen, Jeder an seiner Stelle sein, Alle werden das Ihrige thun—(Plato's Gerechtigkeit='Jeder das Seine thun,' τὰ αὑτοῦ πράττειν); dann wird 'Jedem das Seine' werden—*Suum cuique*, anderseits werden Alle wohl ineinander gefügt das Ganze stüzen und von diesem gestüzt werden—*viribus unitis*."—Schäffle's "Gesellschaftliche System," 3rd edition, Vol. I., p. 29.

sources. Moreover, it is the duty of the state to establish a widely diffused system of education, to ascertain by official inquiries the condition of the labouring people, to protect by means of factory legislation the weaker members of society against the brutal cupidity of the stronger, and by an impartial administration of those laws check unjust extortion and indirectly assist in adjusting disputes which arise between individuals and classes. These are some of the functions of government.

Political economy regards the natural resources in the world as an apparatus of the personal life of society. The economic process is a commerce in external commodities, in which there is a conflict of interest and a possibility of exclusive appropriation of existing property. Amid this scramble for the good things of this world the strong arm of the state must interfere to regulate the conflict, to adjust the arena, and to provide for every competitor a fair field and no favour. Ideas may be interchanged without danger, and the clashing of opinion needs no state-regulation in the great commerce of thought; but things, or commodities, are apt to touch each other roughly in limited space, material interests when they clash often have recourse to material force.

The limited resources of life, and the consequent danger of their exclusive appropriation by a few who happen to be the strongest, make the interference of state authority sometimes an indispensable necessity. This is done, not only by administering justice according to the form of common law and criminal law, but also in the wise application of the principles of political economy to legislative measures.

This leads us, after thus stating the more general principles of state interference, to the immediate question before us, namely, What ought to be the attitude of the

constitutional state towards the working classes? Again, how far is the state responsible in bringing about social reforms affecting the solution of pending social questions?

In answer to these questions, we say, in the first place, the representation of the labouring classes in the council-chamber of the nation ought to be more general than it is at present. An extension of the franchise in the direction of manhood suffrage, *as soon as the masses shall have been educated sufficiently* for the purpose of exercising this power, will be found before long to be a measure, not only just and expedient, but also an unavoidable political necessity, and an indispensable measure in order to the solution of pending social questions by social reforms.

Even in imperial France, and in Germany, under the leadership of Bismarck, universal suffrage has been resorted to as a political expedient. The same tendency may be discovered in recent acts of legislation in Great Britain. Even in some of the minor states of Germany it has been found expedient to extend the suffrage in modern days. The power of the labouring classes is increasingly felt all over Europe, and the sooner the mighty stream of their political aspirations and influence is led into a constitutional channel, the better for all parties.

Moreover, the demand of labourers to be properly represented in parliament is just. They bear the burdens of the state, by way of indirect taxation on articles of consumption, often to a disproportionately large extent as compared with their small incomes. They perform the labour requisite for the production of the wealth of the country. They are in the eyes of the law ethical responsible members of society, accountable for their acts like other men, and cannot be on this account excluded from enjoying the political rights of free citizens. And finally,

they have class interests to represent, which need not be detailed in this place after what has been already said regarding their peculiar position.

Besides, with every year the danger is assuming more formidable proportions, that universal suffrage will be ultimately extorted for certain communistic experiments by the labourers unless it is willingly granted before then. It is wiser to listen to moderate demands before an eruption of ungovernable passions leads irresistibly to a social revolution.

Parliamentary debates on the subject of labourers' grievances will only have the effect of bringing out into clear light the impracticability of some radical schemes and abstract theories, and will have the effect of making the leaders of labour feel their responsibility more acutely when they represent their class in the council-chamber of the nation. The labourers will learn thereby to recognise the difficulty in dealing with the subject of practical reforms, and to perceive more readily how intimately their own interests are connected with those of capitalists; and in course of time the more quiet and conservative elements among the labouring classes themselves will gain a predominance over the revolutionary elements now kept in solution by socialistic malcontents and political demagogues.*

* Dr. Schäffle, in stating his own experience as a representative in his native country, Würtemberg, on two occasions, first under the system of class elections, and then by universal suffrage, says that though himself theoretically prepossessed against the latter, he found to his great surprise that universal suffrage by direct voting had the effect of rousing the masses of the people to higher interests in an extraordinary manner; that it helps to educate them, and make them independent of the black as well as the red coteries, whose dictates were formerly implicitly obeyed. He found them more inaccessible to corruption, and more severe in their criticism

Lastly, an increase of political power among the labouring classes is indispensable, in order to ensure the requisite social reforms touching their own order. The natural tendency of privileged classes is to hold their own, and to resist social reforms for the benefit of those beneath them. And in this conservation of what touches self there is no difference between the feudal lord and the retired shopkeeper, between a dynastic autocracy and a parliamentary moneyed oligarchy. Individuals there may be here and there, who rise above the narrow-minded selfishness of caste, but they cannot persuade their own class to any great act of self renunciation. The initiative force to be applied, in order to effect reforms, must therefore come from without. That external force is to be found among the operatives, and our wisdom is to keep the movement within legitimate bounds, to let it pursue its natural course, so that in bringing about social reform, it be conducive at the same time to social peace.

This is far better than resisting and aggravating a chronic disease of popular discontent, until it shall have reached a point beyond remedy, and end in the dissolution

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of the candidate's character than the more possessing classes. He found that the former influence of the educated had by no means diminished. He found that those who possessed little were as conservative as those who had much. He found, instead of an ugly picture of demagogy, where the roughs have it all to themselves, an elevation of the masses, and a conservatism lingering among them so strong that he arrived at the conviction that in order to establish a sound demagogy, such as Aristotle demands, led by the best, universal suffrage acts better than class election. He remarks that of course a people must not be sunk in moral depravity, to attain these results; but this is true of all systems of representation. See "Kapitalismus und Socialismus," by Schäffle, p. 634.

of the body politic, and the destruction of those privileged classes which are roused but too late from the slumber into which reaction had lulled them.*

Give a voice to the people in these matters, and the best among them will endeavour to deserve the confidence thus reposed in them, and will with unprejudiced eye regard other rights and interests besides their own. Even the best reforms granted by the higher classes as a boon would not be valued so highly, nor produce such confidence and pacifying effects, as when brought about by dint of popular representation and a reforming legislature and executive in which labour has its proportionate influence. Let this first postulate of social reform be granted, let the people have a proper share in the administration of public affairs, and a true insight into the conditions of the social problems of the day, and property will be safe, reconciliation between capital and labour will become a possibility, and social reform accepted and supported by the state will be carried out in all essential details.

First among these public measures, by means of which the state may aid social reform, stands the appointment of properly qualified and unprejudiced men to serve on commissions to inquire into the social condition of the masses in an upright and unflinching spirit. A great deal has already begun to be done in England in this direction by parliamentary inquiries.

A second requisite in order to this introduction of sound social reforms is a widely extended and richly

* The above remarks apply with special force to continental countries, but to the British empire only in a limited degree. For it can scarcely be said that the English parliament, as a rule, is averse to any just proposal in the adjustment of political power.

endowed system for obtaining reliable statistics through the medium of a highly educated and well paid corps of officials. From social observatories, erected in a position so as to command a general survey of the country, they could note down from their scientific elevation accurately and independently all the social movements of the community. An exact science of politics and sociology will only then become possible when this system of social observation shall have been carried to the highest possible technical perfection. The state must provide the necessary funds towards this social γνῶθι σεαυτὸν, and self knowledge thus acquired may lead to self improvement in communities as well as individuals.

A third item of important state help is the appointment of an industrial police-office possessed of special knowledge and approved probity, morally and legally responsible, accountable to the public for the performance of their duties. There are already the factory inspectors in England who might form the nucleus of the class of officials which is here recommended. Such an institution of public supervision, exercising authority in the industry of town and country, would assist in laying bare social wrongs and in pointing out the appropriate remedies. It would also exercise a salutary influence in encouraging and directing voluntary philanthropy and assisting by its counsel the co-operative movement.

Mere legislation, without such organs to carry the acts of parliament into effect, would be worse than none at all, for law would be only a dead letter provoking public contempt. The chief duties of the proposed branch of the civil service would be the periodic preparation of public reports which would be checked naturally by the representative organs of the capitalistic and labouring world, the boards of agriculture and commerce, etc. Thus the

nation would be sufficiently guarded against the meddlesome and irritating interference of an incompetent bureaucracy, the fear of which latter contingency lies at the root of all opposition to state interference in economic matters.

Last, but not least, in importance as a state measure is a thoroughly organized system of education. Education, compulsory if necessary, consisting of primary education in elementary schools, and technical education in industrial schools, is so important a duty of the state that we may say that without it all social reforms would not only be retarded, but would be in some cases utterly nullified. If the masses remained as ignorant and as ill trained for thought and work as they are now, no appeal to their understanding would be of any avail, and any hope entertained as to their future independence or ability to accommodate themselves to the exigencies of a progressive age would prove utterly delusive. It is the mission of the school and of popular literature to train the masses for the important position they will soon occupy in the councils of Europe; it is their mission to prepare the labourer moreover for the position he personally occupies and will have to maintain in the competitive struggle for existence. In the schoolroom the first principles of economic science can be instilled, which may in opinions politic serve as a guide through life just as the first principles of religion taught in the catechism form their theological canon in matters spiritual.* By national education, as has been proved a hundred times over, the labour resources of a country are

* School managers will find Archbishop Whately's little book, entitled "Easy Lessons on Money Matters, for the use of Young People," a useful little reading book to introduce into national schools.

heightened to a considerable degree, and thereby proportionately the list of criminal cases is diminished. The three R's may not have the magic force of engendering general prosperity, virtue, and contentment. But the training of the mind to take in ideas, and to listen to reason, the widened range of view acquired by a reading working man, and the revelation vouchsafed by knowledge of a wide world far beyond his narrow horizon, must take off the scales of blinding prejudice, the fear of the unknown, and kindle the desire to seek elsewhere, if he cannot find it where he is, a competency and a happy home. Moreover, it is the educated far-seeing and well-informed labourer alone, who is able to view with unprejudiced eye the present position which he occupies in his relation with the representatives of capitalism. Trades unions, strikes, and lock outs, all different forms of combination among the labourers, for confronting the capitalists *en masse*, so as to extort better terms for themselves, point to a struggle between capital and labour which in its virulency holds out little hope of an early pacification, and the flames of which are often fanned by designing demagogues who work on the utter ignorance and stupidity of the uneducated masses.*

This leads to an important discussion, the right of

* "The power of oratory over illiterate persons is irresistible. Some years ago, when the Birkenhead docks were being constructed, a strike occurred among the labourers, most of whom were Irish, and such violence was displayed that a detachment of the 24th Regiment was sent to Birkenhead, to prevent a breach of the peace. The authors of this excitement among the working men were three stump orators, who led out on strike the entire body of workmen employed, not less than five hundred in number, not one of whom cared to inquire what justification there was for the demand which he had made upon his employers."—"Work and Wages," by Thomas Brassey, p. 11.

coalition or combination among the labourers, in order to force up the price of labour, or to resist a lowering of the ordinary rate of wages whenever this is attempted by the employers. Freedom of trade and the rights of free labour naturally go hand in hand; hence this right of labour in combining for the purposes of mutual protection is no longer withheld from the working men in civilized countries. In England, since the late formation of the "National Federation of Employers," the right of confederation among the employed could not consistently be objected to. The fact however of such a state of things, where two interdependent parties with common interests between them are thus transformed into two inimical camps confronting one another in threatening attitudes, is very much to be deplored. An exit from such a difficulty becomes highly desirable, and it is one of the most important duties of a state to encourage every means for reconciling existing antagonistic elements with a due regard to individual liberty and common interests of the community. The miseries which often are occasioned by premature or unjust strikes and lock outs, the disadvantageous position in which any given country may at any time be placed by sudden cessation of work in its competition with other nations, are matters of such grave import that efforts have not been wanting in times past to provide against such emergencies.*

* As an illustration of this, we may quote from Meyer's "Deutsches Jahrbuch" for this year, just published, the following account by Max Wirth, a German economist of some note, in the article on the progress of political economy, etc., page 268: "formerly almost all locomotives used on German lines were manufactured in England. Now-a-days the German manufacture of this sort is by far greater than the English. The first impulse given to this increase of German manufacture of machinery was the nine months' strike of the English labourers."

In France the *conseil de prud'hommes* was established by decree of the government so far back as 1806, for the purpose of deciding cases of dispute between employers and employed. The council consisted of persons generally compeers of the disputants and possessed of special knowledge, to settle in a conciliatory manner all cases of trade differences. Appeals from their decisions were allowed to superior courts of law, but rarely made.* Similar institutions prevail now in some parts of Germany, under the title of courts of arbitration; and a bill demanding recognition by the state with full power to act was brought in during the present sitting of the Reichstag of the German empire. But such tribunals are more or less in opposition to the genius of capitalism and the freedom of competition.

The only institution of the kind, reconcilable with free competition and a free action of the laws of demand and supply of labour, are courts of conciliation, composed of delegates representing both capital and labour, meeting for the common purpose of discussing disputed points and the settlement of disputed questions. Parliamentary inquiries in England have resulted in recommending these boards for arbitration and conciliation. The beneficial results of a board of this kind established in Nottingham were described by Mr.

* The *conseils de prud'hommes* were highly approved by Lord Brougham, who, in a debate in the House of Lords in 1859, on the strike in the building trade, referred to the efficiency with which the disputes between masters and men in France were adjusted. "It was impossible," he said, "to read the annual report of the proceedings of the *conseils de prud'hommes*, without wishing to see some analogous provisions in our law"; and he stated that "in 1850 28,000 disputes had been heard before the *conseils de prud'hommes*, of which no less than 26,800 were satisfactorily settled."—"Work and Wages," by Thomas Brassey, p. 273.

Anthony J. Mundella before a special committee of the House of Commons, appointed in consequence of the repeated strikes in 1866 and 1867; the result of this inquiry was a conviction that compulsory boards of arbitration would be found to be impractical, as there are no recognised principles for decided action. But Mr. Mundella's board of conciliation, consisting of seven employers of labour and seven working men elected by their respective classes, was highly commended. The general adoption of this voluntary system of arbitration and the conciliatory tone which the debates assumed in such a council-chamber it was hoped would lead to a speedy pacification of prevailing conflicts and the bringing about of a more friendly relationship between capital and labour.

"Education," says Mr. Brassey, "will probably do much to develop the usefulness of courts of conciliation. It may be that a court of conciliation can never adjust a real quarrel; but it is certain that it may do much to prevent a quarrel from arising. If the workmen were satisfied that an employer could not make a concession without suffering serious loss, they would not be so unreasonable as to ask for it. The constant meeting of the employers and representatives of the operatives at the same table must naturally facilitate peaceful negotiation where a desire for peace exists on both sides. With constant discussion, coming events will cast their shadows before, and disputes are not likely suddenly to arise."*

There are other benefits likely to arise from a general adoption of these courts of conciliation, leading sooner or later to a mutual understanding between the two contending parties. They may have the effect, for example,

* Brassey, "Work and Wages," chap. xv., p. 271, and compare the whole chapter.

of calling into activity corporations among the better labourers similar to the chambers of commerce now representing the capitalists. The men elected for such a representative body would generally be superior in intellectual calibre, and conciliatory in their opinions and their counsels, and this not only in social but also in political matters. All that the legislature can do towards encouraging the institution of such boards consists in simply recognising by law the various forms of combination among the labourers, and securing them against fraud and embezzlement on the part of those who manage the friendly societies and trades unions and their affiliated associations all over the country.

But supposing all the steps necessary for social improvement which we have thus far indicated to have been taken, supposing for a moment the labourers to be in a position to decide, in conjunction with the capitalists, on a uniformly fair rate of wages, supposing the normal hours of labour to be fixed by the state, supposing in addition to these advantages given special facilities for emigration and colonisation with unlimited freedom of the working man to settle down in any part of the country he pleases, and even supposing a higher standard of education to prevail—still, in order to effectually prevent a constant diminution of the rate of wages just above or even below the amount necessary for common support of life, measures will be necessary to avert the dangers consequent upon over population and the increase of pauperism.

In order to the social reformation of the masses, and the securing of lasting social peace, an improved administration of the poor laws, and a system of taxation less burdensome to the labouring population, are indispensable. Proletarian over population and reckless public

expenditure, together with a system of poor laws which serves to encourage the increase of pauperism, obstruct the way to all reform, frustrate all endeavours to maintain the normal value of labour, for they poison the sources of a proper distribution of national income and encourage the creation and dishonest appropriation of unproductive wealth.

It is easy to perceive that where an undue increase of the labouring population overstocks the labour market, wages will of necessity fall, and the means of subsistence will rise in price at the same time, since there are more mouths to fill. It is true up to a certain limit human effort may increase the produce of the earth, and so far the increase of hands which labour will in given proportions provide for the mouths to be filled; but since the increase of the human species has scarcely any definite limits, whereas the productivity of the soil sooner or later reaches the stationary point and admits of no further improvement, it follows that when this point has been passed there will be a decrease of productivity and consequent want. Then follows a state of economic consumption of a nation or certain strata of the society, in which hunger, misery, and death bring up the rear of economic retrogression and decay. Then it is that wages sink beneath the lowest limit necessary for the education and maintenance of a labouring population of a certain given quality. In America and Australia and the colonies, where the labourers are few and a vast extent of territory still uncultivated, the limit of highest productivity has not as yet been reached, and wages are keeping up accordingly. It is different in the civilized countries of Europe, where the point of absolute productivity of which the soil is capable has been reached, or is fast being reached by reason of over population,

and where the productivity of labour is no longer able to cover the necessary expenditure for the rearing up of a new generation of labourers of the same quality as their sires. This may be doubted, as it often has been before; but the following considerations may lead to a recognition of its truth.

(1) It does not always become manifest that this point has already been reached because the existing labourers brought up by the last generation are only gradually dying out, and their absence may not be felt for some decenniums, although owing to the insufficiency of wages they are unable to provide an equally capable posterity to fill their places.

(2) Any diminution in the productivity of labour generally leads to disturbance in the distribution of national income, unfavourable mostly to the labourers. In this way the depression of wages in any branches of industry reacts on the rest, and wages will fall generally. If three millions of labourers are in urgent want of work because they are thrown out of employment from a branch of industry which has become unproductive and has been discontinued in part or altogether, the wages of all employed labour will be more or less affected by this overplus of labour thrown in the market. The enterprising capitalist, who, at the head of a flourishing industry, availing himself of this opportunity, gets labour cheaper, and the large proprietor of landed estates who gets higher rent since the produce of the earth becomes dearer with increased demand, are the only persons to profit by such a state of things. Thus the cancer of plutocracy may be actively, though almost imperceptibly, engaged in wasting the economic life forces of a nation; in consequence of over population the few may be enriched at the expense of the many, until at last this

wasting process ends in the utter dissolution of the body politic.

(3) The same conditions presupposed, it may happen that the process of equalization may for some time be retarded by compelling others to pay part of the wages which should be paid by the employers of labour, by a misapplication of the poor laws. This happens whenever paupers are maintained at the expense of their respective country districts in bad times, or when disabled from continuing their work in the factory or on the large estates where they have been previously employed. Here there is room for the social politician to apply improved economic principles in the discovery of means for averting those partial irregularities and interruptions in the regular process of the social organism. Nothing in fact comes more within the province of social politics than a wise regulation of those agencies which have an influence on the increase or the decrease of the proletarian classes. It is of no use to say that the world is large enough for increasing multitudes to occupy the waste lands yet uncultivated.* Local and partial over population does now comparatively as much mischief in the direction we have indicated as if it extended all over the globe.

* "Up to this," says Max Wirth, "scarcely the third part of the earth is cultivated, and this third is still capable of ten and twentyfold improvement of its present productivity. For the next ten or twenty thousand years the fear lest the production of the soil do not keep up with the increase of population will scarcely become a serious question," etc., etc.—"*National Oekonomie*," Vol. I., p. 466. So also Mr. Greg in his essay, "Malthus notwithstanding," says: "It is obvious that there can be no necessary pressure on the means of subsistence until all the available surface of the globe is taken up and fully cultivated," etc., etc. He also lays much stress on the limits to over population in "the tendency of cerebral development to lessen fecundity," which has also been dwelt upon by Proudhon and Carey.

What is the object to be aimed at in any legislation on this subject? We are not about to recommend a reactionary and peddling interference of the state, such as was practised in the guild systems of the middle ages, much less the immoral and dictatorial means adopted in the classic age of Sparta, Athens, and Rome. The measures we have to recommend rest on the following considerations.

There are two ways of counteracting over population now-a-days, without interfering in an oppressive manner with the liberties of individuals. These are: (1) Heightening the productivity of labour, and so increasing the material welfare of the masses; and (2) Retarding the constant renewal and increase of the existing population.

In the foregoing pages it has been shown abundantly how the masses of the population may and must be raised out of their existing condition of practical servitude by means of an improved and more generally diffused system of education and culture, by means of recognising a more productive application of the state engine, by a firm and sensible opposition to all dishonest and unproductive commercial enterprise, and by finding more general occupation for women in productive arts of life. In this way the first of these objects may be attained.

As regards the second, emigration may be resorted to under exceptional circumstances; state help to emigrants is however a doubtful measure of state policy. Colonisation, on Wakefield's plan, transplanting the economic faults of the old country into a new by encouraging land speculation, without effectually stemming the progress of proletarian wretchedness, thus only staving off the evil day, must be considered likewise as only a partial remedy.

To sanguine reformers the remedies we have to offer

instead may appear comparatively insignificant and altogether inadequate. Still the day of small things must not be despised, and little beginnings have not unfrequently led to respectable results. We say then that a true policy in the matter of population may find a strong auxiliary force in the gradual spread and final triumph of the principles of co-operation in political economy, and with it a further development of private and family rights, strongly militating against imprudent marriages and other proximate and anteproximate causes of over population. To make this plain. To reduce the surplus number of births relatively, we may either encourage voluntary single life and widowhood, or we may legally provide that no marriages shall be entered into without due provision being made for the family. Or again, we may endeavour to limit legitimate and prevent illegitimate procreation; which may be approximately accomplished by insisting on moral obligations in the case of the former, and by deterring penalties in the case of the latter, without any unwarranted restraints on personal liberty in either, as we shall show in the sequel.

Voluntary single life, in the case of women, would be greatly encouraged by removing many restrictions touching their legal rights, and offering a better position to them in the social system. Early marriages and the marriages of widows are often resorted to simply because women are not left provided for, and are moreover disqualified from following proper callings which would enable them to gain an independent livelihood. The introduction of those federalistic reforms we have pointed out before would remove these disqualifications, and necessitate savings and provisionary measures which would leave girls and widows in a position to make single life a matter of choice, without incurring the danger of being looked

down upon, as now they often are, simply because of the dependent position which according to existing circumstances they are compelled to occupy.

This possible reform, which is intimately connected with the success of the co-operative associations, and the gradual transformation of the habits of society in certain classes corresponding with the new social order, is a hope of the future however which must not be too sanguinely indulged in; nor can it be realized before the masses have been raised to such a degree, by culture, as to enable them to comprehend more fully the laws which govern population and the benefits of the co-operative industry.

More important, and more directly within the scope of immediate legislation, is the vindication of the duties of the husband to provide for his wife, and that of the parents conjointly to provide for their children, by means of compulsory insurance according to their respective station. With the death of the husband, his wife and children are often left at the mercy of the world. Why should not this be prevented by the law insisting on an obligatory life insurance, to be effected in favour of the relicts, to date from the day of the nuptials? Without a basis of necessary means of support to begin married life on, what prospect is there for every ninety out of a hundred poor young couples but proletarian wretchedness? Unlimited freedom to marry and be married, without the slightest prospect of being able to bring up a family in decent comfort, is a simple encouragement of child murder in a moral and, not unfrequently, physical sense.

Marlo recommends a policy of insurance, to be effected according to the statistical average of births in a given district, by marrying persons, in favour of their presumable offspring. This might be done in a government

office to be established for this purpose (or in connection with post-office savings banks in England). The compulsory amount fixed by law would be increased by many voluntarily when its benefits had become more generally known. This would be recognising the natural duty, as well as the rights, of those who beget, towards their progeny, and would prevent the waste of human life which must needs follow in an over populated country by the premature death of neglected children. Nor would it be an interference with personal freedom; on the contrary, it implies a reconstruction of society on a far sounder basis, which would secure real freedom to coming generations in arming them with the necessary instruments for maintaining personal independence.

Two things have to be considered in carrying out in detail the proposed measure. (1) This obligatory insurance on the part of poorer persons can only become law after the introduction of preliminary social reforms; for as matters stand now among the lower classes, they have not sufficient means even for raising a minimum in order thus to provide for their offspring. (2) Only a small amount could be exacted at the first beginnings of a social reform, and in order to secure the portions of children the sums to be deposited in government banks, or banks guaranteed by the state, might remain on compound interest, the whole payable to the children on reaching their twenty-fifth year. This would considerably reduce the capital so to be deposited on entering upon the marriage contract. By analogy the duty of provision for the relict widow on the part of the husband may be considered as a step equally necessary, and its forcible injunction by the state is not in any sense a reactionary measure interfering with freedom of the individual. On the contrary it is a move towards further

individualization, in leaving that to be done by the person which now devolves as a duty on the family or the community who may have to provide for the poor relict left penniless owing to the selfishness of the husband. How much will be gained by way of personal dignity, freedom, and self-respect enjoyed by the recipient of the proposed boon, compared with the degradation implied in the reception of public alms or private charity! In fact, what we propose would remove a great deal of the practical communism which prevails in our existing institutions. Measures of this sort will have the effect, not only of a diminution and retardation of marriages, but also of laying the foundation of increased happiness in the married state and the enhancing of moral dignity of women. They will prevent an over multiplication of human beings, increasing like rabbits, and draw together more closely the bond of natural affection in the normal number of those who would constitute the family circle.

However, it is necessary in order to bring about these results without detriment to the morals of a nation, to resort to stringent measures in another direction, lest the discouragement offered by the laws of the land to imprudent and premature marriages encourage worse evils and lend a countenance to social crimes which sap the foundation of social responsibilities.

The fatherhood in the case of illegitimate children must be accompanied, if not by special penalties, at least by responsibilities as binding as those which attach to legitimacy. The commonly received canon of morality which in its pharisaical harshness condemns the woman and her child, making them outcasts for life, whilst it deals mildly with the seducer, is a disgrace to modern society; and happily a strong reaction against this hypocritical vindication of morality is making itself felt both in England and

France. Legislation protecting the children in such cases, at the expense of the father, and placing them under guardianship to save them from the cupidity of bad mothers who make a traffic of their honour, commends itself to those who desire that in all things justice go before favour, and would see rather the penalty inflicted on the offender than his deluded or willing victim.

But in opposition to this it is asserted that by a legislation such as we here recommend, we pave the way to a worse evil, and open still further the sluice-gates of common prostitution. From our point of view we might say that the immediate effect of this on over population would not be as disastrous as in the other cases we have mentioned. But we would rather indulge the hope that with an improved condition of the industrial middle classes such as we presuppose at present there will be a higher moral tone, and the causes which lead women to this unhappy course, such as destitution, misery, and first yieldings to persuasives of rich libertines, working on their inexperienced vanity and love of display, will in a great measure be removed. For with the introduction of the reforms we mentioned there will gradually disappear the two opposite extremes of wanton wealth on the one hand and wretched degradation on the other. A moral consciousness among the masses will create a public opinion growing in intensity, which will make them impatient alike of that moral turpitude which sacrifices a whole class to its lecherous designs and that waste of energy of the rich who spend a life in worse than useless indolence. Thus much can be done among the people themselves simply by a return to the most simple and the most natural principles of justice applicable to the founding of a family, and the duties such an act involves or ought to involve under a wise system of

legislation. But, in order to this, all the educating influences in society must prepare the way first for that social reform which has to begin within the masses before force is applied from without by state authority.

But the evils arising from over population in depressing wages are aggravated by other causes besides those already mentioned, *e.g.* the unwise administration of poor laws and indiscriminate private charity. With regard to the former we cannot apply terms too strong in condemnation of that principle which gives to every individual the legal right to demand public support. This is communism indeed, most demoralizing, unjust, and disastrous in its effects, however pure and benevolent be its motives.

It is unjust because the poor law boards distribute their boons unequally and to the great discouragement of the industrious, help persons who do nothing for themselves, and give out-door relief to those who ought to rely on their own exertions and savings.

It is demoralizing because the love of work, and the feeling of reciprocal duty which the members of the family owe to one another, and the law of economics which demands a systematic plan of making provision throughout life against unforeseen contingencies, are all more or less counteracted by the effects of a pernicious system which passes under the name of public charity.

And lastly it is disastrous in its effects to the poor labouring population. For whilst it affords temporary relief to a few individuals, it prolongs the evil of pauperism; as it does not remove the real cause of it, it makes it only more general. The rate of wages which will satisfy people who in old age and in bad times are supported by public rates will eventually become the general rate of wages even for those who determine

to remain independent. By a general lowering of the standard of living, caused by improvidence and the want of self-respect, a depressing influence will be exercised on the price of labour even of those who do not live from hand to mouth. Thus grants made to paupers at the rate of ten per cent. of necessary wages, by way of charity public or private, will have the effect most probably of depressing the current wages of a million of those who work, at the rate of twenty per cent. Such charity is worse than that of Crispinus, the pious shoemaker of Soissons, who, according to the legend, stole leather in order to make shoes for the poor.

There are modern saints by the by among the clergy and benevolent laity of all parties, who by way of bringing the poor "within the sound of the gospel," or within reach of "the sacraments of the church," indulge often in a sort of misapplied charity, bringing about those results unconsciously which they have most reason to deprecate. The motives are sometimes pure, sometimes mixed; a love of popularity, and a hope of success in drawing numbers, and what is called "doing good," prompts them to hold out largesses to diligent churchgoers, who not unfrequently regard them as a bribe.*

True charity to the poor is raising them out of their degraded condition, and, by a wisely conceived system of Christian benevolence which encourages honest diligence and thrift, and endeavours to counteract the evils of the proletarian life, humanizing and improving the masses, and so leading them upwards. This is a far nobler course than wheedling them by means of hard cash into a love, more often a pretence, of religion, or an ephemeral adoration

* Compare Essay IV., p. 92, *et passim*, in "Essays and Lectures on Social and Political Questions," by Mr. and Mrs. Fawcett.

of those clerical and lay competitors who bid highest for popularity and pay best. The church has indeed a great mission to fulfil, in harmonizing the heterogeneous masses of society. But this is best accomplished by encouraging all modes of self-help among the working people, all institutions for mutual support, and by giving reasonable advice, calculated to make more generally known the dangers of over population, and the benefits of making timely provision against "a rainy day," by reserve funds set apart for this purpose.

In order to carry out a true state policy in dealing with the poor, it will become necessary to insist on a general system of provision being made for old age, and insurances, at the lowest possible rate, to be effected by the working people, so as by their own efforts to secure them against coming eventualities in their lifetime, and in case of death to ensure some sort of provision for their survivors. This would aid greatly in raising the national character, in heightening the value of labour, and in discouraging unproductive employment of labour at miserably low wages, just enough to keep people from starvation.*

Another improvement in the poor-law administra-

* Mr. Fawcett, in the article already referred to, mentions the facilities for doing this by the working people availing themselves of the admirable scheme passed by Mr. Gladstone, for the creation of small annuities. "By the deposit of a small weekly sum, a man is able to secure a certain income, to commence at a time of life when it may be reasonably calculated that work will have to be discontinued. A government guarantee makes these annuities perfectly secure. This feeling of absolute security will powerfully stimulate prudential habits on the part of the working men." He shows also how the millions annually spent in drink would more than suffice to effect the insurances here recommended.

tion might be introduced, by giving employment in exceptional cases to such labourers as are thrown out of work unexpectedly, in public works; but in such a manner as not to interfere with private enterprise by the competition of the state. The present workhouse system, with its deterring influences scarcely works in a satisfactory manner, and those who least deserve it are often made the victims of its stern provisions, whereas state employment in public works would be a more profitable undertaking in itself, and a more congenial mode of providing a temporary livelihood for those whom peculiar circumstances have thrown out of employment without any fault of theirs.

We ought to mention likewise, that many benevolent institutions, such as foundling hospitals, which ignore the duties of parents and so stimulate over population, and hospitals of every kind, admitting the poor freely within their walls, are instrumental in lowering factitiously the price of labour. Higher wages would have to be paid if the able-bodied labourer had to provide for himself the medical attendance and other things required in times of illness. Institutions of this sort there must be, but a wiser and more effectual charity would establish them rather to assist and supplement that which cannot be obtained by the poor man's savings and struggles for independence, making the latter a test for his admission. His moral consciousness and self-respect would thereby be increased, and benevolence would help him to acquire and improve that moral self-restraint which is the supposed antidote to the tendency to over population.

There will be always objects remaining which require public and private liberality worthier, and in their effect vastly more beneficial and lasting, than that of in-

discriminate charity so called, in every shape and form, on a larger or a smaller scale.

These are some of the social reforms which demand the attention of politicians and philanthropists. But there is one more reform to be mentioned, which is not a reform *of*, but *in* the state, namely, the reform of the present system of taxation. National debts incurred in consequence of expensive wars, or wasteful warlike preparations, cause the imposition of taxes which in their nature fall often most heavily on the masses of the people. The military absolutism which prevails now in nearly every country of Europe, and makes armed neutrality a necessity even in those countries which are least disposed to keep up standing armies, increases the burdens of every nation. It moreover prevents the full development of human productivity, in keeping the flower of the land, its youth, under arms, instead of allowing them to follow their respective callings in the best years of their life. Moreover, the millions squandered in the creation and partial liquidation of debt flow chiefly into the pockets of unproductive speculators and members of the plutocracy who rule the money market. The huge sums of money which the state spends in this way are in a great measure obtained by indirect taxation; that is, ordinary commodities consumed daily in every household, however humble, are heavily taxed, and the poor man feels, out of all proportion, the burdens of the state.

We shall not enter here into a critical comparison of direct and indirect taxation, and the cognate questions in connection with this controversy; we can only express the hope, that in view of an early discussion of general taxation in the British House of Commons, the claims of the people to be relieved from some of the most noxious imposts may not be ignored, and measures may be intro-

duced,* recognising the solidarity of interests of high and low, rich and poor, so that a wisely adjusted distribution of national burdens may assist indirectly in bringing about a more equalized distribution of income among all classes. This would do much towards reconciling antagonistic interests, and draw together into more amicable relations the possessing and non-possessing classes, the capitalists and the wages labourers. This too would inspire the masses with confidence towards their rulers, and thus add another safeguard to property in disarming popular passion fanned by popular grievances. We may hope that the author of "Sybil," called to the helm of public affairs by the voice of the people, will not lose sight of this, but see a means in the settlement of this question, with a due regard to all interests, of helping in bringing about a reunion of "the two nations."

* The total abolition of the sugar duties, which has received the sanction of Parliament since the above was written, may be regarded as the earnest of better things to come on the presentation of the Budget on a future occasion.

CONCLUSION.

From the foregoing pages it will appear then that the way to a true social reform does not lead over the ruins of existing capitalism, nor that it is to be effected by destroying those institutions which have existed from times immemorial—the state, the corporation and the family—which collectively, aided by liberality, form already a sort of "socialism." Still less does social reform imply retrogressive measures in the direction of a primitive and monotonous communism. On the contrary, it is to be brought about by developing a thorough personal individualization, by defining more accurately their proper spheres to the several forms of industry, property, and income, and by fostering a healthily vigorous action and mutual reaction among them, and thus joining the utmost personal self development with the most effectual conservation of society, and combining the highest productivity of natural resources with a happily balanced increase of population. A destructive, reactionary communism, on the other hand, would lead to unproductivity, proletarian over population, barbarism, and an equality indeed, in which all would be equally unfree and equally poor.

The leading idea throughout these pages has been that the urgent need of the present time is an awakening, at all points of the social periphery, of new forces, all concentrated towards the same point, the introduction that is of a new healthy middle class, corresponding to the modern requirements of our present advanced civil-

ization. We want a broad zone to be inserted between the two existing extremes of wealth and poverty, and that zone to consist of a contented, morally strong, politically ripe, and steadily increasing population. We want the greater portion of the masses to be trained up and enabled to acquire a stake in the country, and thus a sphere opened for them wherein they may qualify themselves for self-government. Society indeed, if the measures we have recommended be adopted and the hopes we have ventured to express be realised, would assume in the course of time a somewhat different complexion; this however without any violation of justly acquired rights, and without any subversion of the social order. If the non-conservation of what is really bad and unjust in some prevalent social conditions be a radical measure, then perhaps this book may be stigmatized as radical. If conciliatory reforms, carried out with the intention of allaying class hatred, and winning the masses for a well-ordered constitutional life be called conservatism, then let this book be called conservative. At all events the measures we have recommended, if loyally carried out, will do all that could be done by repression, and much more, and will do it in a more peaceable and less precarious manner.

One word more. We may be asked what hopes we can hold out, in view of the social changes anticipated, with regard to the stability of the new order of things. We reply that nowhere in these pages have the existing institutions as such, nor the principle on which they are founded, been attacked, but only the excrescences and abuses which have crept in gradually and demand removal. We expect much from the spread of the co-operative associations of labourers indeed; but the co-operative system is not a crotchet with us, we regard it

as an economic development growing out of the nature of things in the present day. Economic federalism, we hold, is consistent with an uninterrupted continuation of capitalistic enterprise, founded on the principle of competition. At the same time, in its tendency to repress extreme liberalizing individualism on the one hand, and extreme equalizing communism on the other, federalism promises to unite within itself both the principles of liberty and equality, and thus to work out the destiny of the individual and the community.

Thus, without uprooting any existing social institutions, without precipitating the introduction of any additional forms of economy, we may look forward to the time when with the farther spread of knowledge and human culture social peace shall at last have been concluded, when the now contending classes shall have learned the true nature of their common interests and the mutual inter-dependence between honest labour, and property honestly acquired. Without any destructive measure a system may be gradually constructed of "a free industry in a free state," both endued with a new spirit of liberality, general culture, co-operative discipline, sound morality, and unfeigned brotherly love.

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